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THE PRICE SITUATION, JANUARY 1933

FARM PRICES

Market prices of farm products indicate that the general level of farm prices in mid-January is about the same as a month ago. Recent advances in market prices of wheat and cotton have brought these prices a little above the levels of mid-December. Livestock prices are about the same as a month ago; corn prices are a little lower and dairy products and eggs have declined seasonally during the past month.

The index of farm prices on December 15 at 52 per cent of the 1910-1914 average, was back to the low level of last June. In December the index was about 4 per cent lower than in November and 21 per cent below December 1931. The farm price of potatoes, apples, lambs, eggs, butter, and butterfat advanced from mid-November to mid-December, whereas prices of the other major farm products declined, except whole milk, which was unchanged in price. Mid-December farm prices of wheat, corn, oats, rye, hay, hogs, cattle, calves, and chickens were at the lowest level in the 24 years for which these prices are available.

The exchange value of farm products for the goods farmers buy was 49 per cent of the pre-war average on December 15 compared with 51 a month earlier, 47 at the record low in June, and 55 per cent in December 1931.

WHOLESALE COMMODITY PRICES

The advance in the general average of commodity prices which took place last summer, though sharper than any since 1929, has also turned out to be temporary. By November the Bureau of Labor Statistics Index of all commodities had receded to the previous low level of June, and by the end of December reached a point 2 per cent lower. The low point in June was 93.0, (1910-1914=100) the high point in September 95.9, and the latest low point 90.4 for the week ended January 7. Just as the previous advance had been largely in agricultural commodities, so also this decline. Between the middle of September and the last week of December the decline in farm product prices amounted to 13 per cent, food products 6 per cent, hides and leather 4 per cent, textiles 6 per cent, fuel and lighting 4 per cent, and housefurnishings 2 per cent. The other three important groups have remained fairly stable, metal products practically unchanged, building materials 1 per cent higher, and chemicals and drugs 1 per cent lower.

The further price recession to still lower levels, has increased the disparities between the prices of the several groups of commodities included in the wholesale price index. In comparison with their pre-war levels, market prices of farm products (chiefly raw materials) by the end of December occupied the lowest position at 61 per cent, and household furnishing goods, being chiefly finished or semi-finished goods, stood at the opposite extreme, 135 per cent. Other groups of commodity prices were as follows: chemicals 89, foods 90, metals 93, textiles 93, hides and leather 107, building materials 128 and fuel and lighting 131.

The chief element in the general price decline of the past few weeks is probably a lessened domestic industrial demand and depleted consumer purchasing power. Another influence is the general world price situation. Foreign price levels in terms of their various currencies averaged 67.4 per cent of the 1926 level in November. This is about 1 per cent lower than in September, but about 5 per cent higher than prices in the United States. In terms of gold however, foreign prices averaged only 54 per cent of the 1926 level. Currency prices in England, as in the United States, averaged 2 per cent lower during December than during November and prices in Italy 1 per cent lower.

BUSINESS CONDITIONS

Most of the 13 per cent improvement in industrial production which occurred during the third quarter of 1932 was maintained to the end of the year. A slight decline in November and another in December still left a net improvement in industrial output and incomes of factory workers over the lowest levels reached last July, but that improvement appeared somewhat unstable.

From the lowest point reached in July, at 58 per cent of the 1923-1925 average, industrial production advanced to 66 in September and October, averaged 65 in November, and somewhat lower in December. The advance from July to September was due chiefly to a sharp increase in textile activity from 69 per cent (of the 1923-1925 average) to 104, but a subsequent decline reduced this advance to 92 in November and to still lower levels in December. Food products production supported that advance by increasing from 81-83 in July-August to 95 in September. By November production in this group of industries fell back to 83.

These declines in the production of consumers' goods during October and November were practically offset by an advance in iron and steel production from 23 in August to 31 in October and November and by a sharp rise in automobile production from the very low level of 17 in October to 29 in November, but this improvement in the iron and steel and automobile industries has been followed by a recession. Automobile production has receded from the level reached during the middle of December and steel operations have fallen close to the low levels of last summer.

Other business indexes show a weaker business situation than prevailed in the preceding weeks. Car loadings of merchandise and miscellaneous freight were reduced substantially more than usual during the last half of December. December retail sales failed to increase by the usual seasonal amount. Building contracts awarded declined sharply during December. More than seasonal decreases occurred in all classes of construction, especially in public works and utilities.

No material changes occurred in financial conditions. Gold reserves of Federal Reserve banks have continued to expand while discounts fell off somewhat. Federal Reserve bank holdings of United States securities continue unchanged. Member bank loans for commercial purposes continued to decline to the middle of December, but this was checked in subsequent weeks. Their investments have not been altered materially and their loans on securities expanded somewhat. "Money in circulation" continued the decline of recent months. In general, banking conditions continue to be marked by mounting

reserves that are not being utilized for industrial or commercial purposes. Under these circumstances interest rates have gone to still lower levels, commercial paper rates at New York being $1\frac{1}{2}$ per cent at the end of the year, compared with 2 per cent 2 months ago and 4 per cent a year ago. Industrial stock prices fluctuated during December around a level midway between the low level of July and the improved level of September.

WHEAT

An abrupt advance during early January increased wheat prices over 5 cents per bushel, which was followed by some recession after January 10. This advance followed a period of slightly declining prices during the last 3 weeks of December. The rise appeared to be due partly to trade estimates of a low level of farm stocks and perhaps partly to a belated recognition of poor prospects of winter wheat production in the United States in 1933. Though Liverpool prices have risen along with prices at Chicago, the rise in foreign markets was much less than in the United States, and on January 10 and 11, May futures at Chicago and Liverpool were at practically the same level.

The United States average farm price of wheat as of mid-December was 31.6 cents per bushel, compared with 32.8 cents a month previous, and 44.1 cents per bushel in December 1931. Primary market prices were similarly lower in December than in November. Thus, No. 2 Hard Winter at Kansas City averaged 41.8 cents per bushel during December, compared with 42.6 cents for the previous month. Prices averaged somewhat lower for each succeeding week of December, declining from 42.7 cents per bushel for the week ended the 9th, to 40.2 cents for the week ended the 29th. The average for the first week of January, however, rose to 43.2 cents per bushel. The movements of prices of other grades of wheat and at other markets were substantially the same.

The surplus of wheat available for export or carry-over in the four principal exporting countries, the United States, Canada, Argentina and Australia, as of January 1, this year, appears to be larger than that of a year ago. In the United States the surplus for export or carry-over appears to be a little smaller, for on the assumption that feed and waste during the current season will be about 80,000,000 bushels it would appear that the January 1 surplus is about 412,000,000 bushels compared with 422,000,000 bushels last year. However, the figure of 80,000,000 bushels for feed and waste should probably be looked upon as a minimum rather than a maximum estimate and any increase above this would result in a further reduction of the exportable surplus, for the current season. In Canada the surplus appears to be in the vicinity of 300,000,000 bushels which is about 70,000,000 bushels larger than that of a year ago. In both Argentina and Australia the carry-over of old crop wheat was very little different from last year, and in both years the carry-overs were at about a minimum. Hence, prospective supplies in those countries depend almost entirely upon the outturn of the new crops. The Argentine crop is officially estimated at 11,000,000 bushels above that of last year, and the Australian crop about 10,000,000 bushels above. Any change in the production estimates would correspondingly change the estimates of their surplus. Private estimates of the Australian and Argentine production are at the present time somewhat higher than the first official figures.

Surpluses of domestic wheat in the four exporting countries, plus bonded stocks in the United States and Canada, United Kingdom port stocks, and quantities afloat result in a total of only about 35,000,000 bushels more

wheat in these positions this year than last. This is at least partially offset by smaller supplies in the lower Danube Basin and Russia. During the period January to June of last year shipments of about 10,300,000 bushels were reported from the Danube Basin and Russia, while present indications are that they will have almost no wheat to ship during the corresponding period of this year.

World shipments declined during December from an average level of around 13,000,000 bushels weekly to about 11,000,000 bushels weekly. It is usual for there to be a marked decline during November or December in anticipation of the beginning of new crop shipments from the Southern Hemisphere. The decline this year has been rather less than usual, though the level of shipments is also considerably lower than usual. Last year shipments declined from an average level of around 17,000,000 bushels weekly during early November to a little less than 12,000,000 bushels weekly during December, and then rose to an average level of around 16,000,000 bushels weekly which was fairly well maintained from mid-January until early April. During the latter part of April there was a sharp rise followed by similary sharp but greater declines from mid-May to the middle of August.

There will no doubt be a rise in the level of shipments during January of this year, the increase being largely, if not entirely, in shipments from the Southern Hemisphere. The level of total shipments during the months January to May, however, will depend very largely upon the demand for wheat by importing countries. In view of the large crops of wheat in important European countries which are normally heavy importers, it seems likely that their takings during the first half of the 1932-33 crop year have been relatively smaller than they are likely to be during the second half of the year, and that total shipments during the period January to June, 1933, will average higher than they have during the period July to December of 1932. It is not expected, however, that they will average as large as during the first 6 months of 1932.

Prices in the United States continue well above a normal export basis. During most of December, May futures were only about 1 to 2 cents per bushel lower at Chicago than at Liverpool although there was a somewhat greater spread between the December futures. On December 31, May futures closed at 44-7/8 cents at Chicago compared with 48-1/2 cents per bushel at Liverpool. On the advance which followed, however, Chicago prices rose to a close of 50-1/4 cents on January 10 compared with 49-3/8 cents at Liverpool, while on January 11 they closed at 49-7/8 and 50-3/8 cents per bushel respectively.

CORN

Corn prices, after having weakened slightly during December, improved early in January. The rise in early January may be attributed to corn being influenced slightly by wheat prices which rose markedly during the period. There have been no very significant changes in the general corn situation during the past month.

The United States average farm price of corn as of mid-December was 18.8 cents per bushel compared with 19.4 cents a month earlier and 34.5 cents per bushel in December 1931. The price of No. 3 Yellow at Chicago which averaged 23.0 cents per bushel during December was nearly 2 cents lower than in the preceding month. It averaged 23.5 cents for the week ended December

2 and 22.6 cents per bushel for the last week of December, but during the week ended January 7 rose to an average of 23.5 cents per bushel.

The December crop report placed the production of corn for the current season at 2,908,000,000 bushels compared with 2,567,000,000 bushels for 1931. The new estimate for this year is 13,000,000 bushels less than the preliminary estimate of November. Due to the very low prices, receipts have been small, total receipts at 14 markets during December having been 11,500,000 bushels or almost the same as the small receipts of the previous year. A more usual level of December receipts is from 30,000,000 to 40,000,000 bushels. Receipts during the first 2 months of the current marketing season have amounted to 24,300,000 bushels compared with 23,000,000 for the corresponding months of last season and receipts in the 5 previous years which ranged from 45,000,000 to 73,000,000 bushels during the corresponding months.

Wet process grindings in November were a little below the previous years level, but in December they were above, so that total grindings for the first 2 months of the current season have amounted to 10,700,000 bushels compared with 11,000,000 bushels in the previous year and an average of 12,500,000 during the corresponding period of the past 5 years.

Purchases of corn from the principal markets for non-industrial uses have been small, for in spite of the very low level of receipts commercial stocks have increased slightly. The increase has been small, however, total stocks on December 3 being reported at 26,500,000 bushels and on January 7 at 30,800,000. The present level of commercial stocks is considerably higher than on the corresponding date of the past 3 years when it was from 13,000,000 to 17,000,000 bushels, but at the end of the first week of 1927 and 1928 they amounted to 36,000,000 and 29,000,000 bushels respectively.

POTATOES

Potato prices at central markets strengthened a little during the past month. Prices at New York averaged $1.16 per 100 pounds the first week in January or about the same as a month ago, but 3 cents higher than for the corresponding period last year. At Chicago, potato prices averaged 76 cents per 100 pounds the first week in January or about 6 cents higher than in December, but 10 cents lower than in January 1932. Car-lot shipments this season to date originating in the three eastern surplus States total only 17,000 cars or about 33 per cent less than last season; those originating in Western States this season to date total 37,000 cars or 28 per cent less than in the corresponding period last year. This decreased car-lot movement may be attributed to low prices, decreased consumer buying power, the difference in the distribution of production, increased home garden supplies, and increased truck movement.

F.o.b. prices of Green Mountain potatoes at Presque Isle, Maine remained steady at from 53 to 58 cents per 100 pounds throughout the month of December andthe first week of January. At Rochester, New York f.o.b. prices made a slight advance in mid-December and now range from 65-72 cents per 100 pounds. The average for the month of January last year was 70 cents. At Wapaca, Wisconsin, f.o.b. prices advanced about 5 cents per 100 pounds during December and for the first week in January averaged about 51 cents, compared with 58 cents a year ago. Idaho Russetts at Idaho Falls, ranged from 35-40 cents per 100 pounds f.o.b. cash track during the first week in January. This is a slight advance over the price prevailing a month ago, but considerably below that of a year ago.

The average price received by producers as of December 15 was 36.8 cents per bushel compared with 34.4 cents as of November 15, and 45.7 cents

as of December 15, 1931. Potato prices during the month ended December 15 advanced in every group of States except the South Atlantic, which showed a slight decline.

Shipments of new potatoes from Texas began moving to market in December. However, only 32 cars of the early crop have moved to date compared with 68 cars by this time a year ago. Both Florida and Louisiana are late in getting started this season.

RICE

Milled rice prices in the Southern States during December averaged about the same as for November. Prices of rough, however, declined slightly during December. In California, prices of rough rice held fairly steady at 90 cents per 100 pounds while milled rice prices advanced. At New Orleans, fancy blue rose averaged $1.90 per 100 pounds for December, the same as the November average. The December 1931 average was $2.94 per 100 pounds. At San Francisco, fancy California-Japan averaged $2.15 per 100 pounds for December compared with $1.98 for November and $3.04 for December 1931. The strengthening of prices during December was due to a slight improvement in foreign demand.

Southern Belt

Receipts of rough at southern mills during December amounted to 724,000 barrels compared with 632,000 for December 1931. Stocks of both rough and milled rice in millers hands on January 1, 1933 totaled 2,146,000 barrels which was somewhat larger than stocks a year earlier. Shipments from mills during December were larger than for December 1931, the amounts being 85,000,000 and 78,000,000 pounds respectively. Exports from southern ports during December were more than twice as large as the 13,807,000 pounds exported during December 1931. Shipments to Puerto Rico from Southern States totaled about 21,000,000 pounds during December compared with nearly 22,000,000 during November and 22,689,000 pounds for December 1931. Sales in continental United States during December, however, were slightly less than for December 1931.

California

Exports of California rice during December totaled 1,505,000 pounds compared with 295,000 pounds for December 1931. Shipments to Puerto Rico and Hawaii during December were 4,217,000 and 7,443,000 pounds, respectively. Puerto Rican shipments were larger than the December 1931 shipments but shipments to Hawaii were somewhat smaller than the December 1931 movement. The total, however, was about the same as that of December 1931.

TOBACCO

Prices of tobacco at auction floor markets in December showed varying developments for the different types. In the flue-cured district, where most of the small 1932 crop has been marketed, prices declined about the usual seasonal amount, averaging 10.2 cents per pound for the month. The average for all flue-cured types (11-14) for the season up to January 1 was 11.7 cents for 1932-33, compared with 8.7 cents for 1931-32. Most of the improvement over 1931-32 was apparently due to reduced supplies caused by the curtailment of production from 665,000,000 pounds in 1931 to 362,000,000 in 1932. The level of flue-cured prices is still somewhat below the pre-war average.

In the burley district, with the opening sale at Lexington, averaging around 12 cents per pound, prices during December showed considerable improvement. The average for all markets in Kentucky for the month was 15.6 cents in 1932 compared with 9.8 cents in 1931. Reports for the early part of January 1933 indicate that prices have continued strong. One reason for the advance in prices since the market opening is said to be that buyers now believe the outturn of the 1932 crop has been overestimated. The quality of the 1932 crop continues to run heavily to the smoking grades and to yield a relatively large proportion of cigarette tobacco. The total supply of burley for 1932-33 as indicated by December 1 estimates is 920,000,000 pounds compared with the previous record supply of 893,000,000 pounds for 1931-32.

Marketings in the fire-cured districts so far have shown the 1932 crop to be of reasonably good quality but relatively short in length. The grades normally going into export trade are present in greater abundance than usual, with only a small proportion of the crop suitable for domestic snuff manufacture. Prices of Virginia fire-cured for December averaged 8.2 cents in 1932, compared with 4.6 cents in 1931. In the western district of Kentucky prices for the Clarksville-Hopkinsville type averaged 4.8 cents in 1932 compared with 6.6 cents for the small volume of sales in December 1931 and 5.5 cents for the marketings of January 1932. Prices for the Paducah type averaged 5.7 cents in 1932. No sales were made in December, 1931, but the average price for Paducah in January 1932 was 3.3 cents. The price of Henderson fire-cured tobacco for December averaged 4.1 cents in 1932 compared with 5.1 cents in 1931. The supply of each of these types is smaller for 1932-33 than for 1931-32.

Of the dark air-cured types the December prices of one sucker in Kentucky averaged 4.9 cents in 1932 compared with 3.3 cents in 1931. The improvement over the low prices of 1931 is attributed largely to the higher quality of the 1932 crop. Green River prices for December averaged 5.1 cents in 1932 compared with 3.6 cents in 1931. The prices of Virginia sun-cured tobacco in December averaged 6.0 cents in 1932 compared with 5.2 cents in 1931. The supply of each of these types of tobacco is smaller for 1932-33 than for 1931-32.

The consumption of tobacco products in the United States for November, as indicated by reports of the Commissioner of Internal Revenue, showed a continued decline for all classes. Since January 1, 1933, the wholesale price of the leading brands of cigarettes was reduced from $6.85 to $6.00 per thousand. As this reduction was immediately passed on to consumers the tobacco trade is anticipating that consumption of cigarettes will be increased.

Exports of flue-cured tobacco for November amounted to 35,993,000 pounds in 1932 compared with 48,387,000 in 1931 and a 5-year average, 1926-1930, of 50,462,000. This is in part, no doubt a reflection of the very small 1932 crop. Exports of Kentucky-Tennessee fire-cured for November were 3,358,000 pounds in 1932; 4,809,000 in 1931 and 6,678,000 for the 5-year average. Exports of Virginia fire-cured tobacco for November were 1,477,000 pounds in 1932, 757,000 in 1931 and a 5-year average of 1,661,000.

HOGS

Hog prices reached the lowest levels in more than 50 years during the last week in December when the average price at Chicago declined to $2.95 per 100 pounds. Thus, save for a temporary rise in early November, the

downward course of hog prices was practically unbroken from mid-July to the end of the year. There was a slight advance during the first week in January as a result of relatively small slaughter supplies, but the average for the week was only $3.03. The average price in December was $3.04 compared with $3.34 in November and $4.20 in December 1931.

Many hogs that normally would have been marketed before this are still being held back, partly in the hope of a seasonal price advance, partly because of relatively large supplies of cheap feed and a high hog-corn price ratio , and partly because the returns above marketing costs on hogs at current price levels are so small. Hog slaughter under Federal inspection during December, totaling 4,584,000 head was 21.3 per cent larger than in November but it was 14.9 per cent smaller than the relatively large slaughter in December, 1931. This reduction as compared with a year earlier is largely a reflection of the smaller pig crop of last spring, although it is due in part to delayed marketings. Last winter, hogs were marketed unusually early in the Western Corn Belt because of feed shortage.

The reduction in numbers of hogs slaughtered during the last 3 months as compared with a year earlier has been in part offset by heavier live weights of hogs marketed and higher dressing yields. The average live weight in October was 3 per cent heavier than in November and 4 per cent heavier than in those months in 1931. Weights in November were the heaviest on record for the month and weights in December were above average. Lard renderings were greatly increased during November and the increase in lard yields from October to November was the largest on record. Consequently, lard production in November was 2 per cent larger than that of a year earlier, notwithstanding that the number of hogs slaughtered was 10 per cent smaller and pork production was 8 per cent smaller.

The hog-corn price ratio continues relatively favorable for feeding. Based on Chicago prices, this ratio for December was 13.2 compared with 13.4 in November and 11.3 in December, 1931. The ratio in the Corn Belt States, based on farm prices, was 16.9 in December and 18.5 in November compared with 11.0 and 12.1 respectively in the corresponding months a year earlier.

As a result of the sharp reduction in hog slaughter during December and a continued heavy movement of pork into consumptive channels, the increase in storage stocks of pork was relatively small for the month and amounted to only 90,000,000 pounds compared with an increase of 167,000,000 pounds in December 1931 and a 5-year average of 124,000,000 pounds. Stocks of pork on January 1 amounting to 494,000,000 pounds were 12 per cent smaller than those of a year earlier and 15 per cent smaller than the 5-year average holdings for that date. Lard stocks at the beginning of 1933 were also relatively small. The total of 40,000,000 pounds of lard on January 1 was 21 per cent smaller than that of a year earlier and 58 per cent smaller than the 5-year average holdings for that date.

Lard exports in November were 18,000,000 pounds smaller than those in October. The total of 56,000,000 pounds was 1 per cent larger than the relatively small total in November 1931, but was 36 per cent smaller than the 5-year average for the month. Pork exports in November increased seasonally over those of October, but the total of 11,000,000 pounds was 10 per cent smaller than that of a year earlier and 44 per cent smaller than the 5-year November average. Shipments of pork from the principal ports in December were smaller than in November, but shipments of lard were not greatly different.

The fall pig crop of 1932 was estimated at 29,000,000 head, which is 1,221,000 head, or 4 per cent, more than the unusually large number saved in the fall of 1931, according to the December, 1932 Pig Survey. About 4 per cent more sows farrowed but there was little change in the average number of pigs saved per littler. Because of the decrease of 7 per cent in the spring pig crop, the combined spring and fall pig crop of 1932 is estimated to be 3 per cent smaller than that of 1931 for the United States as a whole and 6 per cent smaller in the Corn Belt. The fall pig crop in the Corn Belt was estimated at 20,163,000 head, or 718,000 more than the number saved a year earlier. There was an increase of 15 per cent in the Eastern Corn Belt States but there was a decrease of 5 per cent in the Corn Belt States west of the Mississippi River.

The number of sows bred or to be bred to farrow in the spring of 1933, as indicated by the survey, was 1.8 per cent larger than the number farrowed in the spring of 1932. The estimated increase in the Eastern Corn Belt States was 7 per cent, but there was a small decrease in the Western Corn Belt. The large corn crop and low prices of corn in the Western Corn Belt States and the high ratio of hog prices to corn prices in these States would normally result in a material increase in hog production, but because of the very low levels of hog prices in recent months the reactions of producers will likely be different from what they would be under more normal conditions.

Federally inspected hog slaughter during the 3 months, October to December 1932, was 1,410,000 head, or 10.5 per cent smaller than during those months in 1931. The size and distribution of the 1932 spring pig crop which is now being marketed, the number of hogs over 6 months of age on farms on December 1, 1932, the relation of the total number of hogs slaughtered under Federal inspection in November and December to that usually slaughtered in January and February, and such other statistical evidence as is available indicate that total federally inspected slaughter during the 4 months, January to April, 1933, will be between 1,000,000 and 1,500,000 head smaller than that of the corresponding period last year.

CATTLE

The general average of cattle prices continued to decline throughout December and in the last week of the year was at the lowest level of the year and for many years. The decline in beef steer prices was almost without interruption during the month, but butcher cattle with the exception of choice heifers, and veal calves made some recovery after the middle of December. The average monthly price of beef steers at Chicago in December at $5.44 was the lowest for the month and all months since early in 1908 and the average weekly price the last week in December at $5.15 was probably the lowest weekly average for an even longer period. The relative decline was about the same with all grades of beef steers, but was particularly severe on all grades of heavy steers.

The declines from the middle of September, when prices reached their fall peak, to the last week in December were from $9.46 to $6.50 on choice steers, $8.37 to $5.19 on good, $7.14 to $4.39 on medium, and $5.54 to $3.61 on common, with the average of all grades declining from $8.04 to $5.15. The December average in 1931 was $7.11, but choice steers in that month averaging $11.14 against $6.66 in December 1932. The average farm price of beef cattle December 15, 1932 was $3.41, a new low; in November it was $3.73, in December 1931 $4.32 and the 1910-1914 December average was $5.22. While prices for stocker and feeder steers weakened somewhat in December, the decline was

much less than with slaughter steers. The December average price at Chicago of $4.14 was only about $1.00 below the September average, which was the highest of the summer and fall season, while slaughter steers declined nearly $3.00 in the same period.

Supplies of cattle during December were very small. Receipts at seven leading markets were 20 per cent smaller than in December 1931, 28 per cent below the 5-year average for December and the smallest for the month in over 30 years. Receipts at Chicago were the smallest for December since 1889 at least and the smallest for all months since 1915. Inspected slaughter at 567,000 head was 17 per cent smaller than in December 1931, 18 per cent below the 5-year average and the smallest for the month since 1907.

Although total receipts of cattle at Chicago were 23 per cent smaller than in December 1931 and supplies of beef steers were 21 per cent smaller, the supply of choice steers was the largest for the month for the 11 years for which records are available, with the combined supply of good and choice the fourth largest for these years. The supply of good and choice, heavy weight steers was especially large and the market for these kinds was demoralized during much of the month. This large supply of well finished cattle came apparently from two sources. The first was the large number of heavy feeders taken out in August and early September when the prices for heavy finished steers were high both relative to light steers and to other classes of cattle and other kinds of livestock. These cattle were pushed rapidly in the effort to get them finished before the market might have a seasonal break. The other source was a relatively large number of finished yearlings fed for the late fall market, that over-stayed the strong market prevailing up to early October and which were kept back in the hope that the market would later recover.

Shipments of stocker and feeder cattle from stockyards markets into the Corn Belt States in December were somewhat larger than in December 1931, and were relatively large compared with the total shipments during the preceding 5 months. The total of such shipments during the last 6 months of 1932 were small, being 10 per cent smaller than in 1931, and the smallest for the period since before 1919. The number of cattle on feed in the Corn Belt States on January 1, 1933 is estimated at 5 per cent larger than a year earlier. The percentage increase was about the same in the areas east and west of the Mississippi River. Larger direct shipments to feed lots, not going through markets, and larger numbers of locally raised cattle tended to offset the decrease in the shipment of feeder cattle from markets.

Fed cattle, especially fed steers, will probably continue to make up a relatively large proportion of the market supplies during the next few months, with total cattle supplies continuing small as a result largely of the small marketings of cows, especially of the lower grades.

BUTTER

Butter prices in December averaged somewhat higher than in November, but for the first week in January were about 2.7 cents lower than the seasonal peak reached in late November. The margin between domestic and foreign prices in early January was about 4 cents less than the tariff. Production of creamery butter in November was less than in November 1931 but decidedly above average. With an unusually heavy out-of-storage movement in November the trade output was larger than a year earlier. Cold storage stocks at the beginning of the year were low.

Creamery butter production in November of 108,900,000 pounds was 6.9 per cent less than the record November production in 1931, but 11 per cent larger than the 5-year average for November. The middle Atlantic States were the only group of States in which November production was larger than a year earlier.

The seasonal low point in butter production usually comes in November. From October to November the decline in production of 9 per cent was about one-half as great as the usual seasonal decline. The decline from July to November of 32 per cent was about two-thirds as great as the usual decline.

The price of 92-score butter at New York in December averaged 24.1 cents, the highest for any month in 1932 but 6.4 cents less than a year earlier. When allowance is made for the usual seasonal changes in prices the December price was about the same as in August and February. The average price for 1932 of 21.0 cents was 26 per cent less than in 1931 and 31 per cent less than the 1910-1914 average. The farm price of butterfat on December 15 of 21.1 cents was the highest since February but 6.2 cents less than in December 1931.

Farm prices of feed grains declined from November 15 to December 15. Farm prices of butterfat are high in relation to farm prices of feed grains. With more cows on farms and this price relationship, prospects are for relatively heavy production.

Trade output of creamery butter in November was 5.7 per cent larger than in November 1931. The unusually heavy out-of-storage movement in November more than offset the decrease in production. Retail prices in November, however, were 26 per cent less than a year earlier. These changes indicate that consumer expenditures for creamery butter were about 22 per cent less than in November 1931. The decrease in October was 37 per cent.

Cold storage holdings of creamery butter on January 1 of 22,000,000 pounds were 4,600,000 pounds less than a year earlier, and the smallest on record for that date.

On January 6 the price of 92-score butter at New York of 22.5 cents was 9.9 cents higher than the Copenhagen official quotation and 10.1 cents higher than the price of New Zealand butter in London. Imports of butter in November were only one-half as great as a year earlier.

CHEESE

Prices of cheese in Wisconsin in December were somewhat higher than in November. Cheese production in November was less than a year earlier even though the decline in production from October to November was small. Imports in November were larger than a year earlier and the out-of-storage movement heavier. These changes more than offset the decrease in production so that the movement into consuming channels was larger than in November 1931. Cold storage stocks of cheese on January 1 were lower than a year earlier.

Total production of cheese in November of 30,600,000 pounds was 3.4 per cent less than a year earlier, compared with the decrease of 8.1 per cent in October. The decline in cheese production from October to November of 16 per cent was less than the usual decline of about 28 per cent. The decline in cheese production each month from July to November has been relatively small and the index number of cheese production adjusted for seasonal

variation rose from 88 in July to 120 in November.

Production of American cheese in Wisconsin during November was 10 per cent less than a year earlier. Production in the North Atlantic, South Central and Mountian States was decidedly larger than a year earlier. The heavy production in the North Atlantic States indicates a larger amount of surplus milk than a year ago.

The ruling price of cheese (Twins) on the Wisconsin Cheese Exchange averaged 10.5 cents during December; 0.4 cents higher than in November but 1.5 cents less than in December 1931. The average price in 1932 was 10.0 cents or 20 per cent less than in 1931, and 55 per cent less than in 1928.

Trade output of cheese in November was 1.3 per cent larger than in November 1931. Retail prices in November were about 16 per cent less than a year earlier. These changes indicate that consumer expenditures for cheese in November were 15 per cent less than in the same month of 1931 This was the smallest percentage decline from the same month of the preceding year for any month in 1932.

Cold storage holdings of American cheese on January 1 of 57,800,000 pounds were 3,000,000 pounds less than a year earlier, and about 6,000,000 pounds less than the 5-year January 1 average.

Imports of cheese in November of 6,600,000 pounds were 10 per cent larger than in November 1931. For the first 11 months of 1932, however, imports of cheese were 11 per cent less than in the same period of the preceding year.

EGGS

Market prices of eggs in December did not change materially from their November levels, whereas in most years there is a slight decline. December prices therefore averaged above those for December of 1930 and 1931. Supplies of eggs are low, both of storage stocks and of current receipts; the latter having increased much less than usual from November to December.

The price of special packed mid-western eggs at New York on January 9 was 35.75 cents. The average for December was 35.4 cents compared with 37.4 cents in November and 33.1 cents a year previous. On the other hand the average price of rehandled receipts advanced a little, from 30.6 cents in November to 31.3 cents in December; compared with an average of 25.6 cents in December 1931. Farm prices also advanced, from 26.1 cents on November 15 to 28.1 cents on December 15. Compared with the 1910-1914 average for corresponding months the relative price rose from 81 per cent on August 15 to 95 per cent on November 15 and then declined to 92 per cent on December 15.

Receipts of eggs at the four markets during December were light for the month, being 573,000 cases compared with 596,000 cases a year ago and a 5-year average of 598,000 cases. The increase from November was also less than usual, being 13,000 cases compared with 71,000 cases a year ago and a 5-year average of 81,000 cases. While production in the East and Middle West is probably heavier than last year, that on the Pacific Coast is less.

United States storage holdings of case eggs on January 1 were abnormally low at 159,000 cases compared with 1,475,000 cases a year before and a 5-year average of 1,274,000 cases. This is the lowest figure for January 1

since the record was begun in 1916. Storage operators this year appear to have regained some of the losses incurred the past 2 years.

CHICKENS

The farm price of chickens on December 15 was 9.2 cents a pound, compared with 10.1 cents a month before and 13.9 cents a year before. Compared with the 1910-1914 average for corresponding months, the relative farm price has declined from 101 per cent on August 15 to 93 per cent on November 15 and 87 per cent on December 15. The drop in price from November to December was largely due to the low prices and heavy supplies of turkeys during the holiday period.

Receipts of dressed poultry at the four markets during December were 72,700,000 pounds compared with 74,100,000 pounds a year ago and a 5-year average of 71,800,000 pounds. November receipts, it will be remembered, were much higher than for the same month the year before.

Cold storage stocks of frozen poultry on January 1 were 112,000,000 pounds compared with 117,000,000 pounds a year ago and a 5-year average of 117,000,000 pounds.

LAMBS

The lamb market was fairly steady during most of December at the level of prices prevailing at the end of November. During the last week of the month, however, the market weakened largely as a reflection of the weakness in the markets for cattle and hogs and prices declined from 50 to 75 cents, but most of this was regained during the first week in January. During most of the month the top on fed lambs at Chicago was around $6.50 with the high top for the month $6.60. The decline at the end of the month brought the top to $6.00 with the bulk of the good and choice lambs selling from $5.50 to $5.75. Feeder lamb prices changed little during the month and slaughter ewe prices strengthened somewhat. The farm price of lambs December 15 at $3.96 was 5 cents higher than the November price, 23 cents lower than the December, 1931 price, and $1.72 below the pre-war December average. Market prices of lambs in December, 1932 averaged a little higher than in December, 1931.

The supply of lambs in December was relatively the smallest for all months of 1932. Receipts at 7 leading markets were 33 per cent smaller than in December, 1931 and 20 per cent smaller than the 5-year December average. Inspected slaughter at 1,264,000 head was 20 per cent smaller than in December, 1931 and 1 per cent above the 5-year December average.

Supplies of fed lambs during the next 4 months are expected to be small compared with the supplies during the corresponding period of the last 2 years. The estimated number on feed January 1 was 5,239,000 head while on January 1, 1932 it was 6,135,000 head and on January 1, 1931 5,428,000 head. Most of the decrease from last year is in the Western Corn Belt where the decrease from last year amounts to 22 per cent. In the Eastern Corn Belt the number was 8 per cent below last year, with the proportion of native lambs somewhat larger than last year.

In the Western States as a whole the number on feed January 1 this year was 11 per cent smaller than a year earlier. The number on feed in Colorado was 13 per cent smaller than a year earlier, and there was a decrease in the total in the States west of the Continental Divide. These.

decreases were partly offset by increases in Montana, Wyoming and New Mexico. The number on feed in Texas was 23 per cent smaller this year. The feeding season so far has been quite favorable and lambs in nearly all areas have made good gains. The quality of the fed lambs coming to market has been generally above average.

WOOL

Domestic wool prices again declined during December but for the first week of January prices still averaged about 30 per cent above the July low point. Business in the Boston market during December, while not large, was considered fairly satisfactory in view of the holiday period and year end inventories. Fine (64s, 70s, 80s) strictly combing territory wool was 43-45 cents a pound, scoured basis, the first week of January compared with 44-46 cents the beginning of December. Three-eighths blood (56s) territory, scoured basis, at 38-40 cents on January 7 showed no change from a month earlier. Ohio and similar grease wools ranged from 13 to 20½ cents per pound the week ended January 7, while the average price received by United States producers was 9.2 cents on December 15 compared with 9.4 cents on November 15 and a low of 7.0 cents on July 15. Prices at recent sales in Australia and New Zealand have been very firm and some increases have been reported.

Consumption of combing and clothing wool reported by United States manufacturers for November had declined 20 per cent from the September high point. Consumption was still two and one-half times as large as at the low point in May and was about 4,000,000 pounds larger than in November 1931. Consumption of combing and clothing wool for the first 11 months of 1932 was only 77 per cent as large as that reported for January-November 1931 and 93 per cent as large as during the first 11 months of 1930.

Total receipts of domestic wool at Boston for 1932 amounted to approximately 213,000,000 pounds compared with 256,000,000 pounds during 1931. Despite a decline in domestic wool production the low consumption in 1932 further reduced domestic requirements and imports for the year were probably the smallest in 50 years. From January to November only 14,822,000 pounds of combing and clothing wool were imported compared with 63,777,000 pounds imported in those months in 1931 and 97,697,000 in 1929.

The outstanding feature of the current wool marketing season in Southern Hemisphere countries is the increased movement of wool during the period July 1-November 30, 1932 compared with the same period last season. This increase is principally due to earlier marketing of the clip, particularly in Australia and in the Union of South Africa, as production is not likely to exceed that of 1931 although no marked decrease is expected.

COTTON

Domestic cotton consumption declined somewhat during December with many of the mills closed for several days during the holiday period. In foreign countries mill activity may have been affected by the holidays, but in general, activity is thought to have been maintained at a relatively high level. Domestic sales of cotton textiles increased during the month and slightly exceeded production. Exports of raw cotton from the United States were again rather large during December but were less than a year ago. Cotton prices were fairly stable during the last half of December, but advanced during early January and on January 10 reached the highest levels since mid-November.

The average price of middling 7/8 inch cotton in the 10 designated markets ranged from 5.62 cents per pound to 5.93 cents during the last half of December with a slight improvement toward the end of the month. On January 10, however, the price in these markets averaged 6.22 cents per pound compared with 6.03 cents a year ago and was the highest since November 17. The relative prices of American and Indian cotton in Liverpool continued rather stable and was favorable to the use of American cotton.

Domestic consumption during December amounted to 440,000 bales, compared with 504,000 bales in November, 415,000 bales in December 1931, and was the highest for the month since 1929. This brought the total consumption for the season to the end of December to 2,340,000 bales, an increase of 149,000 bales or 7 per cent over the same period last season, and 330,000 bales or 16 per cent over the first 5 months of 1930-31. Sales of carded cotton cloth are thought to have exceeded production during December whereas during the previous 2 months sales averaged only about 71 per cent of production.

In Europe as a whole cotton spinning mills during December apparently continued to operate at the improved levels of the previous 3 months. The French industry is still in a fairly good condition with its unfilled orders equivalent to several weeks production and its activity up to about 75 per cent of normal. Cotton mills in the Orient continued to operate at high levels during November and early December although activity in China continued below normal in the Japanese section of the industry. Large amounts of American cotton are still being consumed in Japan where the general situation of the cotton industry at the beginning of January was reported as good. Spinners continued to make good profits on yarn sales (estimated at 10 per cent) and weavers were still maintaining their high rate of activity due to the continued strong demand for Japanese piece goods.

Domestic exports during December amounted to about 1,040,000 running bales which is somewhat less than the 1,183,000 bales exported during December 1931 but about 274,000 bales or 36 per cent larger than in December 1930, according to data from the Bureau of the Census. The Orient continues to take smaller amounts than a year ago, largely due to reduced exports to China. During the first 5 months this season China has taken only 126,000 bales compared with 652,000 bales during the like period last season. From August 1 to December 31 this season total exports of American cotton amounted to 4,246,000 bales compared with 4,037,000 bales during the first 5 months of last season and 3,947,000 bales during the corresponding period in 1930-31.

The total world production during the present season is now estimated at 24,000,000 bales of 478 pounds net which is 200,000 bales less than the estimate released a month ago but still 600,000 bales more than the November world estimate. These changes were caused by an increase of 800,000 bales in the estimate of the domestic crop and a decrease of 200,000 bales in the figure being used for Indian production. At 24,000,000 bales the world figure is still 3,500,000 bales less than the estimate of the 1931-32 crop and is the smallest since 1927-28. The estimate of foreign production now stands at about 11,300,000 bales, an increase of 900,000 bales over 1931-32 but about 600,000 bales less than 1930-31.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: At farms 2/	United States: Wholesale 3/: 1910-1914 = 100	United States: Wholesale 3/	Foreign 4/: In currency	Foreign 4/: In gold	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/					1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Aug.	90	82	85	108	123	84	83	84	3.00	231
Sept.	90	83	84	111	123	84	81	83	3.00	232
Oct.	88	73	83	106	121	83	80	81	2.92	196
Nov.	86	74	81	103	119	81	79	80	2.88	182
Dec.	84	75	79	97	116	80	78	78	2.88	170
1931										
Jan.	83	70	73	94	114	78	76	77	2.85	168
Feb.	86	72	77	90	112	77	76	76	2.63	181
Mar.	87	72	78	91	111	76	76	76	2.52	182
Apr.	88	72	78	91	109	75	76	76	2.39	162
May	87	71	78	86	107	73	74	74	2.20	143
June	83	68	76	80	105	72	74	74	2.00	138
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	73	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.24	80
Mar.	67	50	66	61	96	66	71	61	3.33	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	67	54	1.75	62
Dec.				52					1.64	59

1/ Federal Reserve Board indexes, adjusted for seasonal variation. 2/ U.S.D.A. August 1909-July 1914 = 100. 3/ Bureau of Labor Statistics' index. 4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands. 5/ The Annalist. Average of daily rates on commercial paper in New York City. 6/ Dow-Jones index is based on daily average closing prices of 50 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, FEBRUARY, 1933

FARM PRICES

Market prices of farm products indicate that the general level of farm prices in mid-February is slightly lower than a month ago. Declines in wheat, corn and cotton prices and continued seasonal declines in dairy and poultry products occurred during the past month. However, these declines have been offset in part by an improvement in livestock prices, especially hogs.

The index of farm prices in mid-January established a new low at 51 per cent of the 1910-1914 average compared with 52 per cent in June and December of 1932, and 63 in January 1932. Farm prices of flax, rye, apples, horses, wheat, cotton, and nine other major farm products advanced from mid-December to mid-January, but these advances were more than offset by the larger declines in prices of other products, especially eggs. Farm prices of hay, hogs, cattle and calves in mid-December were at the lowest level during the 23 years for which these prices are available.

The exchange value of farm products for the goods farmers usually buy was estimated at 49 per cent of the pre-war average on January 15; the same as a month earlier. This was about 4 per cent above the low point of last June, indicating that prices farmers pay have declined more since last June than have the prices farmers receive. However, the purchasing power of farm products in terms of non-farm products is still about 9 per cent less than a year ago.

The general level of farm wages on January 1,1933 was 74 per cent of the 1910-1914 average. This is the lowest level of farm wages since 1899. Farm wages declined 24 per cent since January 1, 1932 and 12 per cent during the last quarter of 1932, compared with the usual seasonal decline of about 9.6 per cent during October - December. Farm wages per day with board ranged from 40 cents in Georgia and South Carolina to $1.75 in Rhode Island. Reports from the North Central States indicate that in some cases farm laborers were working for board and lodging only.

WHOLESALE COMMODITY PRICES

The general level of wholesale prices in the United States has continued the decline which began about mid-September. The Bureau of Labor Statistics weekly index after rising from the low point of 93 (1910-1914=100) in mid-June to 96 in early September had fallen to 87.6 for the week ended February 4. Farm and food products increased sharply in July and August and were steady in September. The subsequent decline was particularly sharp in December. Products other than farm and food, on the other hand, increased only 1 per cent from July to September, followed by a 2 per cent decline to 102 per cent of the 1910-1914 average in December 1932. Of the nonagricultural products, fuel and lighting products have declined most sharply since July 1932. However, fuel and lighting was the only group to advance in price during the first half of 1932.

The combined index of wholesale prices in eight foreign countries which normally take about 75 per cent of our exports of agricultural products continued to decline during 1932. In currency prices the combined index declined from 71.9 in December 1931 (1926=100) to 67.4 in December 1932, whereas on a gold basis the decline was from 61.4 to 53.4 during the year 1932.

BUSINESS CONDITIONS

Available evidence indicates some recession in seasonally adjusted indexes of business activity during January and early February. Industrial production, which was reduced from 125 per cent of the 1923-1925 average in June, 1929, to 58 per cent in July, 1932, advanced to 66 per cent during the last quarter of the year, compared with about 69 per cent for the first quarter of 1932. The advance in general business activity during the latter part of 1932 was confined chiefly to the textile industry. The Federal Reserve Board indexes of factory employment and payrolls declined somewhat more than the usual seasonal amount from mid-November to mid-December.

As stated in the Agricultural Outlook for 1933, "the domestic demand for farm products in general has improved only slightly from the lowest level reached last July. No marked changes from this level are probable during the next few months". The rate of decline in industrial production in most of the important foreign markets for American agricultural products, showed a tendency to slacken in 1932 and foreign credit conditions are much improved. "At present however, there is little prospect for a marked improvement in the foreign demand for our agricultural products during 1933".

Domestic financial conditions have in many respects improved materially since a year ago. Interest rates in central money markets are at record low levels. Monetary gold stocks have increased sharply during the past 7 months, although some reduction has taken place in recent weeks. However, the volume of bank credit continues at low levels and member bank reserves in excess of legal requirements reached a high point in mid-January of this year. An unseasonal increase in "money in circulation" has contributed to a recent reduction in member bank reserves.

The general level of stock prices after rising a little in January has receded to the level of late December. The fluctuation in stock prices has however, been small since last October. The general level of bond prices advanced a little during January. Railroad securities showed independent strength the past month. This may be due in part to the fact that net railway operating income in December showed an advance compared with the same month a year earlier. This was the first time since August, 1929, that earnings for any month was above that of a year earlier.

WHEAT

Wheat prices have continued at an almost constant level since mid-January, with no very important new developments as to either supply or demand conditions. Chicago prices have remained at practically the same

level as Liverpool prices, indicating the unwillingness of owners of wheat in the United States to sell at the very low prices which other exporting countries are taking. Through January and early February, world shipments of wheat have been at a level well above that which prevailed during the first half of the season. The maintenance of this higher level of shipments without a decline of world prices may be considered a hopeful sign that import demand may be fairly well maintained during the second half of the current marketing year.

The farm price of wheat in the United States averaged 32.9 cents per bushel in mid-January, a slight improvement over the 31.6 cent average of December. This was the result of the rise of market prices which took place early in January. At Kansas City No. 2 Hard Winter averaged 43.6 cents per bushel during January compared with 41.8 cents for the preceding month, and for the second week of February averaged 43.4 cents per bushel.

May futures prices have been at about the same level at Chicago as at Liverpool ever since January 10, while July futures have been only slightly lower at Chicago. At Liverpool, July futures have been about 1 cent per bushel higher than May futures, while at Chicago during part of January, May futures were somewhat higher than July. More recently May futures at Chicago have been nearly 1 cent below July futures, a more normal situation in view of the certainty of a heavy carry-over into the new crop year. With Chicago prices about on the same level as Liverpool, exports have been extremely small for there are few foreign markets in which the United States can sell wheat under such conditions. Total exports of wheat and flour in January amounted to only 2,032,000 bushels.

The extremely low level of exports in spite of large stocks in the United States is largely the result of prospects for another short crop of winter wheat in the United States. While exports from the United States may be somewhat larger after the heaviest part of the Southern Hemisphere movement is over, the prospective short crop of winter wheat is likely to prevent the pressing of United States wheat for sale in export markets during the next year as long as world prices remain as low as they are now.

CORN

Corn prices have shown very little change in the past month. In early January there was a very slight improvement most of which was maintained through February 10. Market prices remain at so low a level as to prevent much corn from moving to market.

The United States average farm price as of January 15 was 19.1 cents per bushel compared with 18.8 cents in mid-December and 33.7 cents in January of last year. The market price averages were

similarly only slightly higher in January than in December, No. 3 Yellow at Chicago being 23.6 cents per bushel compared with 23.0 cents in December. For the week ended February 11 the average was 23.7 cents.

Receipts continued at a low level during January, amounting to 12,700,000 bushels compared with 9,800,000 bushels in January of last year and an average of 27,400,000 in January of the past 5 years. Receipts for the first 3 months of the crop year have totaled 37,000,000 bushels compared with 32,900,000 last season and a 5-year average of 76,400,000 bushels. Commercial stocks have continued to increase, but only slowly. On February 11 they amounted to 33,500,000 bushels compared with 33,000,000 bushels 4 weeks previous.

For the second consecutive month wet process corn grindings have been higher than for the corresponding month of last year. In January they amounted to 5,758,000 bushels compared with 5,130,000 in the corresponding month of last year. December grindings were likewise about 500,000 bushels larger than those of December 1931. Total grindings for the first 3 months of this season have amounted to 16,500,000 bushels compared with 16,100,000 bushels for the same months last season and an average of 19,600,000 bushels for the first 3 months of the past five crop years.

With prices in the United States at very low levels and supplies of corn small in both Argentina and the Danube Basin, exports from the United States thus far this season have been larger than in the corresponding period of any year since 1928-29. Weekly reports indicate that slightly over 1,000,000 bushels were exported in January compared with only 177,000 in January, 1932, while total exports for the first 3 months of the season have amounted to about 4,100,000 bushels, compared with 805,000 bushels in the corresponding months of last year. Somewhat larger exports than those of the past 3 years may be expected to continue until suppies of new-crop corn from Argentina are available to the importing countries about April 1.

Germany recently increased her tariff on Argentine corn from 15 cents per bushel, which is the rate applicable to United States corn, to $1.51 per bushel. This increase if maintained may tend to shift German purchases from Argentine to American corn. Since trade in corn in Germany is under a Government monopoly, however, the increased tariff upon Argentine corn may not tend to increase her imports of American corn as much as would otherwise be the case.

POTATOES

Potato prices at central markets have declined steadily since the middle of January. Prices at New York have declined from $1.16 per 100 pounds the first week in January to $1.09 the first week in February. They averaged $1.14 per 100 pounds during January compared

with $1.16 in December 1932, and $1.13 a year ago. At Chicago, the weekly average declined from 76 cents per 100 pounds in early January to 69 cents for the first week in February. The January average at Chicago was 72 cents per 100 pounds compared with 75 cents in December and 82 cents a year ago. The total car-lot movement for this season to date is about one-fourth smaller than that of a year ago. However, since the first of the year the weekly shipments of about 3,500 cars have equalled or exceeded those of last year.

F.o.b. prices of Green Mountains at Presque Isle, Maine, declined slightly since the middle of January; they ranged from 45 to 48 cents sacked per 100 pounds during the first week in February.

At Rochester, New York f.o.b. prices ranging from 63 to 68 cents sacked per 100 pounds were also a few cents lower than a month ago. Owing to the cold weather there has been little activity at Waupaca, Wisconsin, and there are no quotations since the first of February. Potato prices at this point showed a slight decline during the last week of January. F.o.b. cash track prices of Idaho Russets at Idaho Falls, ranged from 30-35 cents per 100 pounds during the first week in February or slightly lower than during the first week of January.

The average price received by producers as of January 15 was 37.4 cents per bushel compared with 36.8 cents as of December 15, 1932 and 47.1 cents as of January 15, 1932.

The recent cold wave has caused considerable damage to early fruit and vegetable crops growing in the Imperial Valley of California, in Arizona, Texas, Alabama, Mississippi, Georgia, and South Carolina. The freezing temperatures did not extend into Florida. First reports indicate heavy damage to beans, tomatoes and potatoes in the Lower Valley of Texas and considerable damage to beets, cabbage, spinach and other vegetables in other areas of the State. The acreage planted to early potatoes in the Lower Valley of Texas this year is only slightly below that of a year ago while in Florida it is 21 per cent smaller than in 1932. There are 27,300 acres of commercial early potatoes estimated to have been planted in these two areas this year compared with 31,900 acres last year. In the second division of the early States, growers intended to decrease their acreage 13.5 per cent from that grown in 1932 while in the second early States they report intentions of 2 per cent less. So far this season only a few new potatoes have reached the central markets and prices have been about the same to slightly lower than a year ago.

RICE

Rice prices in the Southern States averaged lower during January than for December whereas California prices averaged higher. At New Orleans fancy blue rose averaged $1.89 per 100 pounds for January compared with $1.95 for December. The January 1932 average was $2.84 per 100 pounds. At San Francisco fancy California-Japan averaged $2.23 per 100 pounds for January compared with $2.13 for December and $2.92 for January 1932. The strengthening of California prices during January was due to a slight improvement in foreign demand. In the Southern Belt where prices continued to decline domestic sales improved considerably during January. Exports, however, declined slightly more than is usual at this season of the year. Owing to the unusually low purchasing power of consumers in the principal rice consuming centers of the United States sales of rice are more sensitive to price changes than under normal conditions. Sales from mills thus far this season having been running behind those for the corresponding period last year but should the present level of wholesale and retail prices of rice continue during the next 2 months domestic sales may be equal to or higher than for the corresponding period last year.

Southern Belt

Receipts of rough rice at southern mills during January amounted to 687,000 barrels compared with 569,000 for January 1932. Stocks of both rough and milled in millers hands on February 1, 1933 were the equivalent of 2,012,000 barrels, which was somewhat larger than stocks a year earlier. Shipments from mills during January were larger than for January 1932, the amounts being 83,800,000 and 73,700,000 pounds respectively. Exports from southern ports during January were about 1,000,000 pounds smaller than the 12,948,000 pounds exported during January 1932. Shipments to Puerto Rico from Southern States were considerably smaller during January than for either December or January 1932. Sales in continental United States during January, however, were considerably larger than for January 1932. Trade reports indicate that loans are being made for production purposes during 1933 on condition that acreage be reduced by 10 to 20 per cent.

California

Exports of California rice during January totaled 312,000 pounds compared with 38,000 pounds for January 1932. Exports for the first 4 months of the 1932-33 season, however, were much smaller than for the corresponding period last year. Shipments to Puerto Rico and Hawaii during January were 2,747,000 and 6,524,000 pounds, respectively, each of which was smaller than the January 1932 shipment.

TOBACCO

Auction-floor prices for tobacco during January showed varying developments for the different types. In the flue-cured district, where marketings of the small 1932 crop have been practically completed, prices declined as usual for this season when the sales consist chiefly of lower grades.

The average price for all flue-cured types (11-14) to January 31, 1933, was approximately 11.5 cents per pound, compared with the low season average price of 8.5 cents a year earlier. Prices for Burley tobacco commenced to decline much earlier than usual this year. During the early part of January prices at most points appear to have been higher than in December 1932, but in the latter part of the month they were somewhat lower. The average of all sales on Kentucky markets for January was 12.0 cents per pound, compared with 13.6 cents for December. Unofficial reports of sales to February 10 indicate that prices have continued at a reduced level.

Prices for the unusually small crop of Virginia fire-cured continued to advance during January, averaging 8.9 cents per pound for the month, compared with 8.2 cents for December and a season average of 4.9 cents for the 1931 crop. In the Kentucky-Tennessee fire-cured district prices in January showed a little improvement over those of December, but were not greatly different from the low levels of a year earlier. The average of all sales on Kentucky markets in January was 5.0 cents per pound for types 22 (Clarksville-Hopkinsville), 4.2 cents for type 23 (Paducah), and 3.3 cents for type 24 (Henderson).

Prices for the dark air-cured types in January showed little change from the levels established earlier in the season. Sales of One-sucker on Kentucky markets averaged 5.0 cents and Green River averaged 3.4 cents. Virginia Sun-cured prices averaged 6.7 cents. The 1931-32 season average prices for these types were 3.5 cents for One-sucker, 3.3 for Green River and 5.8 for Virginia Sun-cured.

Consumption of tobacco products, as indicated by monthly reports of the Commissioner of Internal Revenue, continued to decline in December. Sales of tax-stamps for use on cigarettes showed a slight increase over the relatively small volume of December 1931, but stamp sales for all other products were reduced. For the full year 1932 the indicated consumption of the different classes of products declined from that of 1931 as follows: cigars, 16.6 per cent; cigarettes, 8.7 per cent; snuff, 7.9 per cent; manufactured tobacco (smoking and chewing combined) 4.8 per cent. Since August 1932 the rate of decline in cigarette consumption has been somewhat less than for earlier months. Prices of the leading brands of cigarettes were reduced January 3, 1933, and again early in February, making a total reduction of from 2.5 to 3.5 cents per package at most retail stores. No data are available as yet to indicate how much these lower prices may be expected to stimulate consumption.

Exports of unmanufactured tobacco in December were only 31,800,000 pounds or about half as large as usual for that month, largely because of the reduced volume of flue-cured. Flue-cured exports of 22,500,000 pounds compared with 49,300,000 pounds in December 1932 and a 5-year average for December of 47,500,000 pounds. Takings by the United Kingdom, China and

several smaller countries were on a greatly reduced scale. December exports of Kentucky-Tennessee fire-cured were 3,200,000 pounds in 1932, compared with 2,600,000 pounds in 1931; Virginia fire-cured, 500,000 pounds, compared with 800,000 pounds in December 1931; Maryland and Eastern Ohio, 1,000,000 pounds compared with the small exports of 300,000 pounds in December 1931. Exports of the dark air-cured types continued on a greatly reduced scale. Exports of 800,000 pounds of the Burley type were somewhat larger than usual for December. The exports of stems, trimmings and scrap continued large, amounting to 2,900,000 pounds for the month. Most of these were taken by Germany to be used chiefly in low priced smoking mixtures in place of American fire-cured and other similar types of leaf.

HOGS

Hog prices rose steadily in January and early February. The percentage increase from December was about equal to the 10-year average for the period. The advance apparently was a reflection of a somewhat stronger demand in the retail pork trade. Slaughter supplies continued relatively small. The reduction in January from the January 1932 total of federally inspected slaughter amounted to 6.5 per cent.

The weekly average price at Chicago advanced from $2.95 per 100 pounds during the last week in December to $3.67 during the second week in February. A sharp advance during the latter week, largely in response to temporarily reduced shipments to slaughter centers as a result of severe weather conditions, carried the top price at Chicago to $4.15. This was the highest price paid at that market since mid-October. The rise since December has been relatively greater on heavy hogs than on light weights. The January average at Chicago was $3.12, compared with $3.04 for December and $4.00 for January 1932.

Hog slaughter under Federal inspection during January, totaling 4,700,000 head was 2.5 per cent larger than in December, but it was 6.5 per cent smaller than in January last year, and was the smallest for the month since 1927. Inspected slaughter during the first 4 months of the current marketing year, totaling 16,666,000 head, was 9.4 per cent smaller than during the corresponding period a year earlier. This reduction of 1,757,000 head is largely a reflection of the decrease in the 1932 spring pig crop, although it may be partly the result of a larger proportion of the supply going into nonfederally inspected slaughter, together with a tendency to feed hogs longer and hold a slightly larger number of sows for spring farrowing.

The reduction in numbers slaughtered has been in part offset by heavier weights and higher dressing yields. Average weights in December were the heaviest for the month in at least 10 years, although they were only slightly heavier than in November. Weights in January were heavier

than those of a year earlier but the increase over those in December was smaller than average. Although supplies of corn for feeding are abundant and low in price this winter, hogs have not gained so rapidly in weight as normally would be expected. This apparently is largely a result of less intensive feeding during the summer and decreased protein supplements in their rations. Reflecting the higher average weights and the reduced demand for dry-salt pork, lard production during the last quarter of 1932 was relatively large and lard yield per hog in December was the largest for the month during the last decade.

The hog-corn price ratio continued relatively favorable for the feeding of hogs. Based on farm prices, the ratio in the Corn Belt States was 16.6 in January, compared with 16.9 in December and 11.2 in January last year. Hog prices in recent months have been so low, however, that this favorable ratio does not appear to be affecting hog production to the extent that such a high ratio has in the past.

Wholesale prices of fresh pork advanced moderately during the first half of January but lost most of the advance during the second half. Cured pork prices rose in late January but declined somewhat during the first week in February. Lard prices at Chicago declined considerably during January. The composite wholesale prices of hog products at New York averaged $9.32 per 100 pounds in January compared with $9.41 in December and $12.27 in January 1932.

The movement of pork into consumptive channels during January continued relatively large, although it was somewhat smaller than that of a year earlier. The movement into storage on the other hand was relatively small and pork holdings increased only 85,000,000 pounds during the month, compared with an increase of 111,000,000 pounds in January last year. Stocks of pork on January 1 amounting to 576,000,000 pounds were 14 per cent smaller than those of a year earlier and 20 per cent smaller than the 5-year average holdings for that date. Lard stocks also continued relatively small, and the total of 53,000,000 pounds on February 1 was 32 per cent smaller than that of a year earlier and 42 per cent smaller than the 5-year average for that date.

Exports of lard during December, amounting to 50,000,000 pounds, were 25 per cent smaller than in December 1931 and 27 per cent smaller than the 5-year average for the month. Total lard exports during 1932 amounting to 552,000,000 pounds were about 4 per cent smaller than those in 1931, and 23 per cent smaller than the 5-year average. Pork exports in December were not greatly different from those of a year earlier but were only half as large as the 5-year average for the month. Exports of pork during 1932, amounting to 119,000,000 pounds, were 27 per cent smaller than those in 1931 and 57 per cent smaller than the 5-year average. Shipments of lard from the principal ports during January were considerably larger than in December, but shipments of pork were slightly smaller.

The temporary agreements limiting shipments of pork to the United Kingdom to a level 20 per cent below a year earlier which have been in effect since November 23, 1932 have been extended to February 22, 1933. Restrictions of a more permanent nature probably will be adopted in the near future. In Germany, the import duty on lard has been increased from $1.10 to $5.40 per 100 pounds, to be effective February 15, 1933. In anticipation of this increase in the duty, imports during December and January were restricted to 80 per cent of those of the corresponding months a year earlier.

Because of the marked reduction in the 1932 spring pig crop in the Western Corn Belt, which is the area that furnished a large proportion of the market supply of hogs in the late winter, federally inspected hog slaughter during February and March is expected to be somewhat smaller than a year earlier. When the marketing of the 1932 fall pig crop begins, however, slaughter supplies are expected to be more nearly equal to those of the corresponding period of the previous year.

CATTLE

Prices of the better grades of slaughter steers declined somewhat during January, but prices of the other kinds of cattle were steady to higher. The general level of all cattle prices was the lowest for many years in December and the average was lower in January than in the previous month. The decline in case of the better grades of cattle, however, was relatively less during January than in any of the 3 preceding months. Some advance in prices, especially of the lower grades, occurred in early February. Prices of choice and prime and good grades of steers at Chicago in January averaged about 50 cents per 100 pounds lower than in the preceding month and those of the medium grade averaged about 20 cents lower. Prices of the common grade were practically unchanged. The average price of all grades of slaughter steers at Chicago for the month was $4.95, compared with $5.44 in December and $6.61 in January 1932. Prices of stocker and feeder steers and veal calves advanced somewhat during January, but prices of cows and heifers were about steady.

Largely because of the relatively large supplies of the better grades of slaughter cattle, prices of these are now much lower relative to the prices of other kinds of cattle than they were a year earlier. The price margin between choice and prime steers and common steers at Chicago averaged $2.38 in January compared with $5.62 in the same month of 1932. In marked contrast to the situation prevailing early last fall, heavy steers are now selling at considerable discount under the lighter weights.

Market supplies of cattle in January although relatively small, were slightly larger than in December. Inspected slaughter of cattle during the month, amounting to 612,000 head, was the smallest for the month since 1915. Calf slaughter also was relatively small, and the total under Federal inspection was the smallest for January since 1922. Receipts of cattle at the seven leading markets were 16 per cent larger than in December, but they were 5 per cent smaller than in January 1932, and 18 per cent below the 5-year January average.

Despite the fact that market receipts and inspected slaughter of cattle during January were relatively small, the combined supply of good and choice steers at Chicago was the largest for the month in the 12 years for which records are available. The supply of choice heavy steers was especially large. The average weight of all grades of slaughter steers at Chicago was the second heaviest for January in the last 5 years. This relatively large supply of heavy well finished cattle is somewhat abnormal for this season of the year, and to a considerable extent is a reflection of the large movement of heavy feeders to feed lots in the late summer and early fall of last year.

Shipments of stocker and feeder cattle from stockyards markets into the Corn Belt States during January were larger than in January last year, but the movement was smaller than in December. Total market supplies of cattle during the next few months are expected to continue relatively small. The proportion of feed cattle will probably continue large, with the total numbers not greatly different from a year earlier.

BUTTER

Butter prices declined sharply in January. The price of 92-score butter at New York in early February was only slightly above the low point of last June. Butter production reached the seasonal low point in November and increased sharply in December. December production, however, was less than a year earlier. Cold storage stocks of butter are low. Foreign butter prices showed little change in December and January. The margin of domestic over foreign prices is decidedly less than the tariff and imports are negligible. Production in New Zealand and Australia is decidedly larger than a year earlier.

Production of creamery butter in December of 119,000,000 pounds was 3.3 per cent less than December 1931. In November and October, the decreases from the corresponding months of the preceding year were 7 and 6 per cent, respectively. December production of butter in the North Atlantic and East North Central States was larger than a year earlier. In each of the other groups of States production was less than a year earlier, the largest decreases being in the South Central and Pacific Coast States of 16 and 12 per cent respectively. Production of creamery butter in December was 9 per cent larger than in November. This was about twice as great as the usual seasonal increase from November to December.

The price of 92-score butter at New York in January averaged 19.8 cents; 4.3 cents less than in December and 3.8 cents less than a year earlier. Prices in January usually average lower than in December, but the drop of 4.3 cents was more than the seasonal average. The price relative for 92-score butter at New York (adjusted for seasonal variation 1910-1914 = 100) declined from 72 in December to 63 in January. At 63 the price relative was only 3 points higher than the low point of last June. The farm price of butterfat on January 15 of 18.9 cents was 2.2 cents less than a month earlier and 3.9 cents less than a year earlier. From December 15 to January 15 the farm price of feed grains rose slightly. Grain prices, however, are still low as compared with butterfat.

The movement of creamery butter into consumption channels in December was 3.3 per cent less than a year earlier. Retail prices in December were about 18 per cent less than in December 1931, indicating a decrease of about

20 per cent in consumer expenditures for creamery butter. This was practically the same percentage decrease as occurred in November and about the same as the average percentage decline for the other months of the year.

Cold storage holdings of creamery butter of February 1 of 18,000,000 pounds were about 5,000,000 pounds less than the low holdings of a year earlier.

In January and early February, there was little change in foreign butter prices, as contrasted with the sharp decline in domestic prices. On February 10, the price of 92-score butter at New York was only 4.6 cents higher than the Copenhagen official quotation, and 5.4 cents higher than New Zealand butter in London. Imports of butter in December were negligible. Total imports for 1932 of 1,000,000 pounds were only about one-half as great as a year earlier. In New Zealand and Australia gradings of butter from the first of August till about the first of January were 18 and 38 per cent larger than a year earlier.

CHEESE

Cheese production in the first 11 months of 1932 was 6 per cent less than in the same months of 1931, but in December production was decidedly larger than a year earlier. Cheese prices declined sharply in January, and in the latter part of the month the ruling price on the Wisconsin Cheese Exchange was lower than in June. The movement of cheese into consumptive channels in December was larger than in December, 1931. Cold storage stocks on February 1 were somewhat less than a year earlier.

Production of cheese in December of 31,000,000 pounds was 13 per cent larger than in December 1931. In November and October, the decreases from the same months of 1931 were 3 and 10 per cent respectively. Production of cheese in December was 5.9 per cent larger in November, compared with the usual seasonal decrease of about 9 per cent. Production of American cheese in Wisconsin in December was 15 per cent greater than a year earlier. There were unusually large percentage increases in production in the North Atlantic States, indicating relatively large amounts of surplus milk.

Cheese prices on the Wisconsin Cheese Exchange in January averaged 9.5 cents, 1 cent lower than in December and 1.4 cents lower than in January, 1932. The ruling price declined from 10.5 cents on January 6 to 8 cents on January 27. At 8 cents the price was one-half cent lower than the low point last June.

The movement of cheese into consumptive channels in December of 41,000,000 pounds was 7 per cent larger than in December 1931. The retail price of cheese in December of 22.4 cents was about 15 per cent less than a year earlier. These changes indicate that consumer expenditures for cheese in December were only about 8 per cent less than in the same month of 1931. This was the smallest decline from the same month of the preceding year for any month in 1932.

Cold storage holdings of cheese on February 1 of 53,000,000 pounds compare with 54,000,000 pounds a year earlier and the 5-year average of 55,000,000 pounds.

Prices of Canadian and New Zealand cheese in London showed little change in January and February, so that the margin of domestic over foreign prices declined. Imports of cheese in December were 7 per cent less than a year earlier, while imports for the year 1932 were 10 per cent less than in 1931.

EGGS

Market prices of eggs in January declined sharply as fresh supplies became extremely heavy, storage stocks being of slight importance.

The price of special packed mid-western eggs at New York on February 8 was 16-1/2 cents. The average for January was 25.1 cents compared with 35.4 cents in December and 21.3 cents a year previous. Lower grades did not decline as much from their December levels. Rehandled receipts were 23.3 cents in January and 31.3 in December. The average farm price was 21.4 on January 15 compared with 28.1 on December 15. Compared with the 1910-1914 average for corresponding months the relative price declined from 92 per cent on December 15 to 77 per cent on January 15.

Receipts of eggs at the four markets during January were 994,000 cases, the heaviest on record for the month. In January 1932 receipts were 864,000 cases, while the January 5-year average is 870,000 cases. Receipts of eggs at mid-western packing plants have averaged much higher in January compared with the previous January, while reports from packing plants on the Pacific Coast, indicate a lower level of production there than last year.

Cold storage holdings of shell eggs on February 1 were extremely low, being only 76,000 cases compared with 664,000 cases a year ago and a 5-year average of 362,000 cases.

CHICKENS

The farm price of chickens on January 15 was 9.3 cents a pound compared with 9.2 cents a month before and 13.3 a year before. Compared with the 1910-1914 average for corresponding months, the relative farm price, which has steadily declined from 101 per cent in August, was 86 per cent on January 15 and 87 per cent a month before. December or January usually marks the low point in chicken prices for the season.

Receipts of dressed poultry at the four markets in January were 29,100,000 pounds compared with 23,400,000 pounds a year before and a 5-year January average of 29,300,000. Receipts usually decrease during the first 3 or 4 months of the year, the principal source of supply being storage stocks.

Cold storage holdings of frozen poultry on February 1 were 105,000,000 pounds compared with 112,000,000 pounds a year ago and a 5-year average of 115,000,000 pounds.

LAMBS

Lamb prices were maintained at a fairly stable level during January, although fluctuations from day to day were rather wide. After declining

slightly during the last week in December prices recovered during the 2 following weeks, but dropped slightly during the remainder of the month. The market continued to weaken, during early February, and lamb prices are now lower than at the beginning of January. The top price of fed lambs at Chicago during January was $6.65, about the same as in December. The range in prices in January was somewhat wider than in the preceding month, due largely to the fact that the quality of the lambs marketed was not so uniform and buyers discriminated to some extent against heavy lambs. The average farm price of lambs on January 15 was $4.09 compared with $3.96 on December 15 and $4.43 on January 15, 1932.

Supplies of lambs were seasonally larger in January than in December, as the movement of fed lambs to market increased. Receipts at the seven leading markets were about 25 per cent larger than in December, but they were 21 per cent smaller than in January last year. Inspected slaughter of sheep and lambs, totaling 1,332,000 head was also 21 per cent less than in January 1932 and 7 per cent smaller than in January 1931. The average weight of fed lambs marketed thus far this season apparently has been somewhat heavier than a year earlier.

The smaller lamb marketings during the month as compared with supplies in January of the 2 preceding years are largely a reflection of the reduced number of lambs on feed. In view of this reduction, slaughter supplies during the remainder of the fed-lamb marketing season (February-May) will probably continue materially smaller than in the corresponding months of 1932.

WOOL

The domestic wool market has shown little change during the past month. Trading has slackened somewhat on the Boston market in the last few weeks but wool continues to move in moderate quantities. Prices of most wools at Boston have again declined but the changes have been small and for the second week of February prices generally were still 10 to 30 per cent, and a few were 45 per cent, above the 1932 mid-summer low point. Fine (64s, 70s, 80s) strictly combing territory wools remained at 43-45 cents per pound, scoured basis, for the 4 weeks ended February. Three-eights blood (56s) territory was 36-38 cents per pound scoured basis, compared with 38-40 cents the second week of January. Quotations on Ohio and similar grease wools ranged from 13 to 20 cents a pound the second week of February.

Prices in foreign markets have changed but little. The London sales closed February 8 with prices (English currency) for merino wools mostly $2\frac{1}{2}$ to 5 per cent above the December close. Prices for fine greasy crossbreds were about equal to those received in December while prices of medium and low crossbreds had declined $2\frac{1}{2}$ to 5 per cent. Due to an appreciation of about 5 per cent in the gold value of the English pound by February 8 as compared with the December value, prices in gold for most wools were equal to or above the December prices. Withdrawals from the London sales were small and clearances were good. About 90 per cent of the wool cataloged was sold. Reports from primary markets of the Southern Hemisphere indicate a continuation of good competition and firm prices, except for a moderate decline at the opening of the Sydney wool sales on February 13.

Reports from Bradford and continental markets for semi-manufactures indicate that prices are steady but buying interest is not as keen as that evident in the raw wool markets. Prices of some semi-manufactures have been weak relative to prices of raw wool for some time. This is one of the disturbing features about the foreign situation.

Consumption of combing and clothing wool in the United States in the last 3 months of 1932 was below the September high point. The total reported for the final quarter of the year, however, was about equal to that reported from July to September. During November and December 1932 reported consumption was greater than in those months in any of the 3 preceding years. Total consumption of wool for clothing purposes by mills reporting to the Bureau of the Census in 1932 was about 20 per cent below that of 1931 but only 4 per cent below consumption reported for 1930.

United States imports of wool during 1932 were the lowest since 1894 and with this exception, since 1881. Only 15,375,000 pounds of combing and clothing wool were imported in 1932 compared with 37,298,000 pounds in 1931 and 102,208,000 in 1929. Imports of carpet wool were also very small in 1932 due to reduced activity in carpet mills. Imports were 40,965,000 pounds last year compared with 120,502,000 pounds in 1931 and 175,007,000 in 1929.

Notwithstanding the comparatively heavy carry-over from the 1931-32 season apparent a/ supplies in four b/ Southern Hemisphere countries on January 1, 1933, were 4 per cent below the quantity on hand at the same date in 1932 owing chiefly to earlier marketing of the current clip. Weather conditions in Southern Hemisphere countries continue favorable. At the beginning of the summer months (December) pasturage in most of those countries was reported as excellent.

COTTON

Since mid-October the average price of American middling 7/8 inch cotton in the ten designated markets has fluctuated around $5\frac{1}{2}$ to $6\frac{1}{2}$ cents per pound. During January the range was between $5\frac{3}{4}$ and $6\frac{1}{4}$ cents with the average for the month 6.01 cents per pound. In early February prices dropped below $5\frac{3}{4}$ cents but by February 13 had recovered to almost 6.0 cents. The average price in the ten markets during January 1932 was 6.15 cents and on February 15 last year averaged 6.40 cents per pound.

Domestic cotton mill activity showed a seasonal increase during January with total consumption of cotton amounting to 471,000 running bales, 31,000 bales or 7 per cent above December, 8 per cent above January last year and 5 per cent above January 1931. This brings the total for the first half of the 1932-33 season to 2,811,000 bales compared with 2,626,000 bales during the like period last season, according to data from the Bureau of the Census. Preliminary reports indicate that although sales of cotton

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a/ Carry-over from preceding season, plus estimated production, minus exports. No deduction made for comparatively small quantities consumed locally or amount sold but not yet exported.
b/ Australia, New Zealand, Uruguay, Union of South Africa.

textiles during the month were fairly substantial they were less than production. December sales were about 10 per cent above production. During the 6 months ended January 31, 1933 sales of carded cotton cloth exceed production by about 10 to 15 per cent, according to the data released by the Association of Cotton Textile Merchants of New York. A large part of these sales, however, took place in August.

In Europe, preliminary reports indicate that developments in the cotton textile situation in January and early February were less favorable than during the previous months of this season. Recent reports from Manchester, England state that yarn and cloth sales have been disappointing and much less than output. With unfilled orders declining rather sharply mill activity will be reduced if sales continue low much longer, according to these reports. Political conditions in France and Germany are said to have been somewhat unfavorable to the general economic situation on the Continent and in France cotton mill operators have been complaining and during the week ended February 11 trade was said to have come almost to a standstill. In Germany the textile situation was described as being exceedingly quiet. Japan continues to maintain a very high rate of mill activity due to the strong demand from foreign countries for her finished products. In December cloth production in Japan attained a record level as did exports. The 211,000,000 square yards of cloth exported during that month was more than twice as large as a year earlier and 64 per cent above December 1931. Yarn production in January increased and was the largest for the month on record. Japan continues to consume large amounts of American cotton and due to large imports has maintained the stocks of American at high levels. Cotton consumption in China during January was apparently about the same as a year earlier. However, larger supplies of domestic (Chinese) cotton has resulted in decreased consumption and imports of American. During the first half of this season exports of American cotton to China totaled only 165,000 bales compared with 785,000 bales in the like period last season.

Total exports from the United States amounted to about 794,000 running bales in January compared with 920,000 bales in January 1932 and with the exception of last year were the largest since 1927. For the first half of the season exports totaled 5,040,000 bales compared with 4,957,000 bales in the first half of last season and 4,479,000 bales in the like period of 1930-31. Great Britain, Germany and France continued to take larger amounts of American cotton than a year ago.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: At farms 2/	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In currency	Commodity prices: Foreign 4/: In gold	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/					1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Feb.	86	72	77	90	112	77	76	76	2.63	181
Mar.	87	72	78	91	111	76	76	76	2.52	182
Apr.	88	72	78	91	109	75	76	76	2.38	162
May	87	71	78	86	107	73	74	74	2.20	143
June	83	68	76	80	105	72	74	74	2.00	138
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	73	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	67	53	1.64	59
1933										
Jan.				51					1.46	62

1/ Federal Reserve Board indexes, adjusted for seasonal variation. 2/U.S.D.A. August 1909-July 1914 = 100. 3/ Bureau of Labor Statistics' index. 4/Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands. 5/ The Annalist. Average of daily rates on commercial paper in New York City. 6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release March 15, 1933

THE PRICE SITUATION, MARCH 1933

FARM PRICES

Horses and mules are now trying to pull the cart of farm prices out of the dump. They are the only products of the farm which are now bringing better prices than a year ago. In February horses averaged $62 and mules $67 per head, compared with $58 and $65 a year ago. Here we have what appears to be a unique situation with prices of a farm product advancing in a depression because of an inelastic supply condition. The number of horses on farms in the United States has declined sharply since 1918 and in all probability will continue this trend for several years. The price of horses, however, after declining from 1918 to 1932, turned upward in 1933.

Sheep and lamb numbers appear to have passed the peak of their production cycle and may be at about the bottom of their price cycle. Lamb prices averaged $4.19 per hundred in February, which is lower than a year ago but higher than in recent months. The outlook for the next few years is that horses, mules, sheep and lambs will decrease in numbers and that prices of these livestock will tend upward.

Market prices of farm products for the week ended March 4 averaged a little lower than for the week ended February 18. During the past 10 days prices have not been quoted on the central grain and cotton exchanges. Livestock markets have continued to operate and prices have advanced a little since March 4.

The index of prices paid to producers of farm products in mid-February established a new low at 49 per cent of the 1910-1914 average compared with 51 per cent in January and 60 per cent in February 1932. Prices of corn, apples, cottonseed and all livestock, except milk cows, advanced in price from mid-January to mid-February. These advances were, however, more than offset by price declines for most crops and for dairy and poultry products. The marked decline in egg prices of nearly 50 per cent was considerably in excess of the usual seasonal decline. Farm prices of eggs, barley, and hay in February were at the lowest level in the 23 years for which these farm price data are available.

The exchange value of farm products for the goods farmers buy declined to the record low of 47 per cent of the pre-war average in mid-February. This was 4 per cent less than in January and 10 per cent less than in February 1932.

WHOLESALE COMMODITY PRICES

The general level of wholesale prices in the United States has continued the downward trend from last September. The Bureau of Labor Statistics index which for September was 95 per cent of the 1910-1914 average, declined to 89 for January and a new post-war low of 87 for the week ended March 4. Market prices of farm products for the week ended March 4 averaged a little

higher than the low weekly average of a month previous. Prices of building materials were also slightly higher for that week than a month earlier, whereas all of the other groups of commodities declined a little in price during the month. On the whole, however, prices of all groups were comparatively stable during February. Only limited market price quotations are available since March 3 on account of market and banking holidays.

Wholesale prices in England, according to Crump's index, averaged 60.5 per cent of the 1926 average for February (currency basis) compared with 61.2 for January and 65.2 per cent for February 1932. Wholesale prices in Italy, according to the Milan Chamber of Commerce Index, averaged about 44.8 per cent of the 1926 average for February compared with 45.3 for January and 49.5 for February 1932.

BUSINESS CONDITIONS

The general level of business activity in the United States receded somewhat in January and the downward trend apparently continued through February. However, some lines of business activity such as the production of automobiles and cotton cloth improved a little during the latter part of February. The recent banking holidays and restriction on the flow of money and credit for commercial purposes has retarded business.

The Federal Reserve Board index of industrial production (adjusted for seasonal) rose from the low point of 58 per cent of the 1923-1925 average last July to 66 in September. The index was unchanged during the last 4 months of 1932, except for a temporary drop of one point in November. This 4-month period of stability was followed by a two point decline to 64 per cent in January, the last month for which these data are available. Factory payrolls remained at 40 per cent of the 1923-1925 average in January, whereas factory employment declined to 59 per cent compared with 61 in December and 58 at the low point last summer. Preliminary data indicates that employment and payrolls declined in February.

Financial conditions have held the spotlight during the last few weeks. "Money in circulation" began to increase sharply about the first of January and continued until March 4. Monetary gold stocks, which had been increasing, began to decline about mid-January because of both foreign and domestic withdrawals. The Michigan bank holiday was soon followed by events which culminated in the Presidential proclamation of a national bank holiday beginning March 6 and the enactment of emergency bank legislation on March 9.

The rapid withdrawalsof bank deposits and the increase in earmarking and exports of gold in late February were associated with increased purchases of United States securities by the Federal Reserve banks. Member banks reduced thir loans and investments in an effort to meet deposit withdrawals. The unprecedented withdrawal of deposits and reduction in bank reserves was accompanied by a rather abrupt rise in interest rates in central money markets and an increase from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent in the rediscount rate of the New York Federal Reserve Bank.

Stock and bond prices averaged considerably lower in February than in January; the average of industrial stock prices being the lowest since last July. Security prices, however, advanced just prior to March 4, after which the large security and commodity exchanges were closed temporarily. New

offerings of non-Government securities in February were the smallest on record since 1914.

Building contracts awarded continued to decline during January. The F. W. Dodge Corporation index of all classes of construction (adjusted for seasonal) declined to 22 per cent of the 1923-1925 average for January. The index of residential building contracts awarded in January amounted to only 8 per cent (adjusted for seasonal) compared with the previous low of 11 per cent respectively in January 1919.

WHEAT

Wheat prices showed little change during February except for a slight rise early in the month. Trading in United States futures markets was suspended after March 3 because of the bank holiday and very little cash grain has been sold since that date (through March 14). The few sales which have been made, however, were at higher levels than those prevailing just before the bank holiday. Prices at Liverpool advanced about 2 cents per bushel and at Winnipeg about 4 cents from March 3 to March 11. While private estimates of farm stocks in the United States as of March 1 averaged about 40,000,000 bushels lower than the official estimate of last year, the carry-over as of July 1 does not seem likely to be significantly smaller than last year. With May futures as high at Chicago as Liverpool, there is little to suggest that prices in the United States during the next few weeks will be sustained at much higher levels than existed at the beginning of March except in the event of the development of distinctly bullish crop news, or of marked improvement in the business situation.

The United States average farm price as of February 15 was 32.3 cents per bushel compared with 32.9 cents a month previous and 44.0 cents per bushel in February 1932. Prices at the principal markets similarly averaged practically the same in February as in January, thus No. 2 Hard Winter at Kansas City averaged 43.6 cents in January and 43.7 in February, while most other representative wheats were a fraction of a cent lower in February than in January. The weighted average price of all classes and grades was 47.9 cents in February compared with 48.4 cents per bushel in January.

In the first 2 days of March there was little change in prices from February levels, though on the third they closed about 1 to 2 cents per bushel higher than on the previous day. Scattering quotations which have been available since the bank holiday have been higher. Thus, No. 2 Hard Winter at Kansas City, which was quoted at 43 cents per bushel on the third was 51 cents on March 6 and $48\frac{1}{2}$ cents on the 10th.

At Winnipeg, prices advanced from a close for May futures of $47\frac{3}{4}$ cents (Canadian currency) on March 2 to $52\frac{3}{4}$ on the 10th, and then declined to 50-5/8 on March 14. The $47\frac{3}{4}$ cents per bushel Canadian on the second was the equivalent of 39.8 cents in United States currency. At Liverpool, the price of May futures on the third was equal to 47.3 cents in United States currency and 48-3/8 on March 13, at the current exchange rate. On March 3 Chicago May futures closed at $48\frac{3}{4}$ cents per bushel. May futures at Chicago have been practically at the same level as Liverpool ever since early January, the result largely of unfavorable conditions of the winter wheat crop indicating that the 1933 crop may not add to our surplus available for export.

World shipments of wheat continued during February at a level about as high as that which prevailed in January. This indicates a continuance of somewhat better demand for wheat by importing countries than prevailed during the first 6 months of the current crop season. During the 10 weeks since the first of January, total world shipments have averaged 15,443,000 bushels compared with an average of 15,736,000 bushels for the corresponding period of last year. From July to December of the current season shipments averaged 10,812,000 bushels weekly compared with 14,445,000 during the corresponding 6 months of 1931. The surplus available for export or carry-over in the principal exporting countries continues to be about the same as a year ago, and indicates that supplies will continue burdensome throughout the remainder of the season. There is, consequently, little prospect of any significant improvement of prices in the United States through changes in the world situation. The effects of the poor condition of winter wheat seem to have been largely, if not entirely, discounted, as is evidenced by the high level of United States prices as compared with Liverpool when both are converted to common units at current exchange rates. Consequently, if there is to be improvement in wheat prices in the near future it seems more likely to occur through changes in our own financial and business situation or through relief measures for wheat growers than through any change in the world wheat situation.

CORN

Cash corn prices were at practically the same levels in February as in January, and through March 3 there had been no significant change in prices. Futures markets were closed and there were few cash sales from March 3 to March 14 due to the bank holiday, but some quotations indicated slightly higher prices during the period than prevailed on the 3rd. Due to large supplies available for shipment to market if prices warrant, there is little prospect for any marked improvement in corn prices in the next few weeks, unless there is a marked improvement in the business situation generally.

The United States average farm price as of mid-February was 19.4 cents per bushel compared with 19.1 cents in January and 32.4 cents in February, 1932. At Chicago No. 3 Yellow averaged 23.1 cents per bushel in February compared with 23.6 cents in January. For the week ended March 4, however, prices were slightly lower, averaging 21.9 cents.

Receipts continue small. Average receipts at 14 markets amounted to 13,100,000 bushels in February compared with 12,700,000 in January, and 14,100,000 bushels in February of last year. The average receipts during February of the past 5 years have been 28,500,000 bushels. Commercial stocks increased slightly during February to 36,900,000 bushels on March 4 compared with 33,900,000 on February 4. A year earlier commercial stocks amounted to 20,800,000, while the average stocks of the past 5 years are 30,000,000 bushels. Wet process grindings in February declined from the January level, amounting to 5,000,000 bushels in February compared with 5,757,000 in January and 5,344,000 in February of last year. The first 4 months of the crop year wet process grindings amounted to 21,516,000 bushels compared with 22,451,000 during the corresponding period of last year and an average of 26,718,000 during the first 4 months of the past five seasons. The corn market during the next few weeks is likely to continue under the influence of a low level of demand and of plentiful supplies available for shipment to market.

POTATOES

Prices of old potatoes in central markets have been somewhat irregular during recent weeks. They advanced about 8 cents per 100 pounds during the middle of February but lost most of the gain by the first week in March. New York prices advanced from $1.06 to $1.14 per 100 pounds during the last 3 weeks of February, but dropped to $1.10 during the first week of March compared with $1.16 for the corresponding week last year. At Chicago old potato prices advanced from 69 to 78 cents per 100 pounds during February but were back to 71 cents during the first week of March compared with 92 cents a year earlier. Prices at both markets have strengthened slightly since the banking holiday became effective.

There has been very little change in potato prices at Presque Isle, Maine during the past month. Sacked Green Mountains are quoted at 45 cents per 100 pounds f.o.b. shipping points. At Rochester, New York f.o.b. prices of round white potatoes averaged 60 cents sacked per 100 pounds during the first week of March or slightly lower than a month ago. F.o.b. prices at Waupaca, Wisconsin averaged 49 cents sacked per 100 pounds. Russetts at Idaho Falls were priced at 32 cents per 100 pounds f.o.b. cash track or about the same as last month.

Farm prices of potatoes on February 15 averaged 37 cents per bushel compared with 37.4 cents in mid-January and 44.8 cents in mid-February 1932.

Potatoes have moved rather freely during recent weeks, the total carlot shipment exceeding 5,400 cars during the week ended March 4. Also heavy truck receipts at Chicago have been reported during recent weeks. The rail and boat movement this season to date totals 90,529 cars compared with 116,591 cars for the corresponding period a year ago. A substantial part of the increased movement is going into seed channels as the demand for seed stock in the Northern States has been active.

The volume of new potatoes moving out of Florida has declined in recent weeks. Prices of the early Bliss Triumps at New York have ranged from $3.00 to $3.25 per 100 pounds. F.o.b. prices at southern Florida shipping points declined from $2.30 to $2.20 per 100 pounds during the last half of February. The deal in south Florida was completed early in March but that in the north Florida area and Texas lower Rio Grande valley is expected to get started immediately. The acreage in these areas has been reduced by 21 per cent but with average yields it is likely that production will equal or exceed that of 1932. Reports to date indicate that blight is developing rapidly in Florida. It is estimated that the stocks of old potatoes on January 1 were almost as great as they were a year ago and it is probable that the old stocks will offer as severe competition to the new crop as they did last year.

RICE

Rice prices in the Southern States averaged lower during February than for January. In California, prices of milled rice advanced and rough rice held steady during February. At New Orleans fancy blue rose averaged $1.80 per 100 pounds for February compared with $1.89 for January. The February 1932 average was $2.62 per 100 pounds. At San Francisco fancy California-Japan averaged $2.27 per 100 pounds for February compared with $2.23 for January and $2.83 for February 1932. Since the beginning of the bank holiday milled rice prices at southern mills have advanced 12.5 to 25 cents per 100 pounds.

Southern Belt - Receipts of rough rice at southern mills during February amounted to 747,000 barrels, about the same as for February 1932. Stocks of both rough and milled in millers hands on March 1, 1933 totaled 2,036,000 barrels compared with 1,822,000 a year earlier. Stocks of rough rice in farmers hands on March 1 were reported to be about the same as a year earlier. Shipments from mills during February were smaller than for February 1932. For the first 7 months of the current crop year shipments totaled 572,000,000 compared with 624,000,000 pounds for the corresponding period last year. Exports from southern ports during February were about 4,000,000 pounds smaller than the 15,068,000 pounds exported during February 1932. Exports this crop year to date have been 35,000,000 pounds below those of the corresponding period last year. Shipments to Puerto Rico from Southern States were considerably smaller during February than for either January or February 1932. Shipments for the first 7 months, however, were larger this year. Sales in continental United States during February, however, were slightly larger than for February 1932.

California - Exports of California rice during February totaled 5,000 pounds compared with 1,022,000 pounds for February 1932. Shipments to Puerto Rico and Hawaii during January were 5,008,000 and 5,578,000 pounds, respectively, each of which was smaller than the February 1932 shipment.

TOBACCO

Prices for the principal types of tobacco sold at auction floor markets during February were lower than in January. Kentucky State reports showed an average price for burley of 8.2 cents per pound compared with 12.0 cents for January; eastern fire-cured (type 22), 5.3 cents, compared with 5.0 cents for January; western fire-cured (type 23), 3.6 cents compared with 4.2 for January; and Henderson fire-cured (type 24), 2.8 cents compared with 3.3 for January. Prices for Virginia fire-cured averaged 7.6 cents compared with 8.9 for January, according to State reports. In the dark air-cured district the Kentucky report showed an average price for one-sucker of 4.4 cents compared with 5.0 for January and for Green River, an average of 3.5 cents compared with 3.4 for January.

The flue-cured markets closed early in February with a general seasonal average of around 11.5 cents per pound, according to State reports. This compared with 8.5 cents for the 1931 crop and 12.0 cents for the 1930 crop. Early unofficial reports from the cigar districts indicate prices for most types to be around 10 per cent or more below the low prices for the 1931 crop, notwithstanding the fact that total production in 1932 was approximately 28 per cent less than in 1931.

Internal Revenue reports on tobacco products withdrawn for consumption during January showed reductions from January 1932 for all classes including cigarettes, cigars, manufactured tobacco (smoking and chewing combined) and snuff. The decline of 3.8 per cent in cigarettes occurred in spite of the reduction in wholesale prices of leading brands of cigarettes of approximately 12.5 per cent which was put into effect January 3, 1933. As indicated in this review a month ago, the wholesale price of these brands was reduced again early in February making a total reduction of around 20 per cent.

Total tobacco exports of 28,400,000 for January were 11 per cent less than the unusually small exports for December 1932 and 44 per cent below the 5-year January average. As in December, the principal part of this

reduced volume of exports was flue-cured tobacco, which in recent years has represented more than 70 per cent of the total mid-winter movement. The exports of flue-cured for January were 21,300,000 pounds compared with 22,500,000 for December; Kentucky-Tennessee fire-cured, 2,900,000 compared with 5,200,000 for December; Virginia fire-cured, 792,000 compared with 515,000 for December; Maryland and eastern Ohio, 469,000 compared with 1,052,000 for December. The movement of minor export types showed little change from the level of other recent months.

HOGS

Hog prices at the end of February were only slightly higher than at the end of January. A sharp rise in early February as a result of stormy weather temporarily restricting shipments, was followed by a moderate reaction but prices during the last half of the month held rather steady, with Chicago prices averaging about $3.50 per 100 pounds.

Because of the uncertainties caused by the banking situation, prices fluctuated very erratically during the first 2 weeks of March. A top of $4.40 was recorded at Chicago on March 7 which was the highest price at that market since early in October. The average of $3.84 for the week ended March 11 also was the highest since early September, but it was only 17 cents higher than for the second week in February. The average price of hogs at Chicago in February was $3.46 per 100 pounds compared with $3.12 in January and $3.89 in February 1932.

Hog slaughter under Federal inspection during February was the smallest for the month since 1927 and the third smallest for the month since 1922. The total of 3,647,000 head was 22.4 per cent smaller than in January and 20.6 per cent smaller than in February last year. Slaughter during the first 5 months of the present hog marketing year, totalling 20,313,000 head, was 2,680,000 head, or 12 per cent smaller than in the corresponding months of 1931-32. The decrease in federally inspected slaughter this winter is largely a reflection of the reduction in the 1932 spring pig crop, although in part it is due to a considerable increase in farm and retail slaughter in most sections of the country.

Many plain qualitied hogs have been marketed in recent weeks. This is explained partly by the fact that an epidemic of hog flu retarded the growth of many hogs. Then, too, less protein concentrates have been fed this winter and some farmers had to dispose of unfinished hogs in late February to obtain cash.

The ratio of hog prices to corn prices has been relatively high since last September and it increased again in February. Based on farm prices as of the 15th of February this ratio in the Corn Belt States was 19.1 compared with 16.6 a month earlier and 11.2 in February last year. This high ratio has resulted in a relatively strong demand for stock pigs.

Wholesale prices of fresh pork fluctuated widely in February and early March. They advanced during the first 3 weeks, declined during the fourth week and rose again during the first half of March. Cured pork prices were steady to higher and lard prices were about steady. The composite wholesale price of hog products at New York averaged $9.48 per 100 pounds in February compared with $9.32 in January and $11.92 in February, 1932.

Because of the reduction in hog slaughter and the conservative policy of packers in storing hog products this winter, relatively small amounts of pork and lard have been stored, and the movement of these products into consumptive channels has declined relatively less than production. Stocks of pork on March 1 amounting to 610,000,000 pounds were 25 per cent smaller than those of a year earlier and 29 per cent smaller than the 5-year average holdings for that date. Lard stocks amounting to 59,000,000 pounds, were 56 per cent smaller than those on March 1, 1932 and 49 per cent smaller than the 5-year March 1 average. This reduction in storage stocks will offset in part the relatively large slaughter supplies of hogs indicated for the summer trade.

The foreign outlet for United States hog products continue relatively unfavorable although exports during January were comparatively large. Total pork exports for the month were 12 per cent larger than in January last year. Lard exports, amounting to 79,000,000 pounds, were 31 per cent larger than in January 1932 and were the largest for any month since December 1929. Lard exports to Germany were the largest for any month in 8 years but a part of this increase was no doubt in anticipation of the rise in import duties which became effective February 15. The temporary agreements relative to the restriction of imports of pork into England are being continued with a few modifications, and restriction of a more permanent nature probably will be put into effect later in the year. Shipments of pork and lard from the principal United States ports for the 4 weeks ended February 25 were somewhat smaller than those for the 4 weeks ended January 28.

Recently some hogs from last fall's pig crop have been included in the receipts but such hogs are not expected in volume at the market centers until after the middle of April. Hog slaughter in March and April will probably be somewhat smaller than in those months last year as the bulk of the receipts in late winter and early spring come from the Western Corn Belt where the pig crop was very small last spring.

In view of the moderate increase in the 1932 fall pig crop, as shown by the survey of last December, federally inspected hog slaughter from May to September is not expected to be greatly different from the relatively large slaughter during that period last year. Marketings are expected to be heavier in June and July this year compared with a year earlier, and relatively lower in August and September.

CATTLE

Although the price movements of different classes and grades of slaughter cattle varied considerably during February, prices at the end of the month were not greatly different from those at the end of January. The average weekly price of each grade of beef steers except choice, for the week ended March 4 were a little higher than for the week ended February 4, and the weekly average of all grades was $4.81 for the former week and $4.76 for the latter. The monthly average of all grades, except choice, was higher in February than in January, but the February average of all grades was $4.80 and the January average was $4.95, compared with $6.21 for February 1932.

The price of choice steers reached a new low level in the week ended February 18, when the average weekly price was 5.59, but recovered somewhat during the next 2 weeks. Common and medium steers advanced in price during the first half of February, but declined during the second half. Prices of most other kinds of slaughter cattle showed little change during the month. The better grades of light heifers, however, strengthened during the latter part of the month. Prices of stocker and feeder steers also changed little during the month.

The price discrimination against heavy weight steers continued during February, but that against medium weights, especially of the better grades, tended to disappear. While yearling cattle still continued to bring the top prices, well finished cattle up to 1,350 pounds found ready outlet at prices more nearly in line with yearlings than had been the case since late last fall.

Slaughter supplies of cattle in February were more nearly average than in January or December. Inspected slaughter was 2 per cent less than February, 1932 and 3 per cent less than the 5-year February average. Receipts of cattle at seven leading markets, however, were 12 per cent less than in February, 1932 and 15 per cent less than the 5-year average. This disparity between changes in receipts and changes in slaughter points to a continuation of the tendency for increasing proportions of cattle to move direct to packers and not to go through stockyards markets.

Although receipts of cattle at Chicago in February were the second smallest in over 40 years, and supplies of beef steers the smallest in 12 years, the supplies of choice steers and of good and choice combined were the largest in 6 years and the third largest in 12 years. The supply of choice steers in February, however, was only about one-half as large as in January and one-third as large as in December. As yet there are no indications of any tendency for the proportion of cows and heifers slaughtered to increase. In January, the last month for which figures are available, the proportion of cows and heifers in inspected slaughter was smaller than in January 1932, which was the previous record low for the month of January.

Although returns from fed cattle marketed during the winter months of 1932-33 were less profitable than during the preceding winter, the shipments of stocker and feeder cattle from stockyards to the country were considerably larger. During the 3-month period, December 1932 to February 1933, such shipments from 12 markets into 7 States were 21 per cent larger than for the same months a year earlier. This increased movement apparently reflects the large supply and low price of corn and the availability of funds from the Regional Agricultural Credit Corporations for the purchase of such cattle.

Supplies of slaughter cattle during March and April are expected to continue moderate, with fed steers continuing to make up an unusually large proportion of the supply.

BUTTER

Butter production is at a relatively high level for this season of the year, the movement into consumptive channels has been relatively large, and stocks are small. Butter prices declined sharply in January but

were relatively steady in February. The number of milk cows on farms January 1 was 2.7 per cent larger than a year earlier.

Butter production in January of 124,500,000 pounds was 2.3 per cent larger than the record January production in 1931. Production in the North Central and North Atlantic States was larger than a year earlier, while in each of the other groups of States production was decidedly lower. January was the first month since September 1932, in which production was larger than in the corresponding month of the preceding year. Creamery butter production in January was 4.6 per cent larger than in December compared with the average seasonal increase of about 10 per cent.

In February, the price of 92-score butter at New York was 18.7 cents, 1.1 cents less than in January, and 3.8 cents less than a year earlier. There is usually relatively little seasonal variation in prices from January to February. The banking holiday has tended to curtail receipts of butter. At the four principal markets, receipts for the week of March 10, were 10 per cent less than in the preceding week. As a result, the price of 92-score butter at New York recovered to 20.0 cents per pound by March 10.

The farm price of butterfat on February 15 of 15.8 cents was 3.1 cents less than a month earlier and 4.0 cents less than a year earlier. From January to February there was little change in the farm prices of feed grains. The farm price of butterfat on February 15 in relation to feed grains was the lowest since last October but high when compared with other years.

During the coming months pasture conditions will be an important factor affecting milk production. During each of the last 3 years pastures have been unusually poor.

On January 1, the number of milk cows on farms was estimated at 25,140,000 or 2.7 per cent more than a year earlier. The increase during 1932 was not as great as in 1931 when numbers increased 3.8 per cent. Numbers of milk cows increased in all sections of the country, but the smallest increases were in the Western and North Atlantic States.

The number of heifers 1 to 2 years old being kept for milk cows on January 1, was 1 per cent less than a year earlier and 3 per cent less than 2 years earlier. On January 1, the number of heifers per 100 cows was the lowest since 1927 and below the 10-year average, 1921-1930.

The trade output of creamery butter in January of 128,300,000 pounds was 2.3 per cent larger than a year earlier. Retail prices, however, were less so that consumer expenditures were about 15 per cent less than in January 1931.

Cold storage holdings of creamery butter on March 1 of 11,500,000 pounds were 3,700,000 pounds less than on March 1, 1932, and also smaller than in other recent years.

Butter prices in London in English currency declined during February and early March. Prices of New Zealand butter declined 8 per cent, and prices of Danish butter declined 10 per cent. With no exchange rates quoted it was not possible to determine the margin between these domestic and foreign prices.

CHEESE

Cheese production in January was decidedly larger than a year earlier, the increase in trade output, however, was relatively small. Cheese prices in Wisconsin in February were lower than in January and lower than in the summer of 1932. Cold storage holdings of cheese on March 1 were somewhat lower than on March 1, 1932, and about 5 per cent less than the 5-year average for March 1.

Cheese production in January of 31,400,000 pounds was 17.4 per cent larger than the small production in January 1932, but about the same as in January 1930. The increase in production from December to January was less than the average seasonal increase.

Production of American cheese in Wisconsin in January was 14 per cent larger than a year earlier. New York State production was more than twice as great as in January 1932, indicating a large amount of milk in excess of fluid milk requirements. The only groups of States in which production was less than a year earlier were the South Atlantic and East North Central, exclusive of Wisconsin.

The ruling price of cheese on the Wisconsin Cheese Exchange in February was 8.0 cents, 1.5 cents lower than in January and 0.6 cent lower than the low point last June.

Even though there was a marked increase in production in January, the trade output of cheese of 39,900,000 pounds was only 5 per cent larger than in January 1932. The changes in prices and trade output indicate that consumer expenditures for cheese in January were 8 per cent less than a year earlier.

Cold storage holdings of American cheese on March 1 of 47,000,000 pounds were about the same as a year previous, and compare with the 5-year average March 1 holdings of 48,700,000 pounds.

Imports of cheese in January of 3,100,000 pounds, were about 17 per cent less than in January 1932, and the smallest for January since 1922.

EGGS

Egg prices declined seasonally during February. The cold wave reduced receipts and may have had a tendency to reduce the earlier prospect for a heavy spring production. Consumption is at a low level.

The price of special packed mid-western eggs at New York on March 9 was 16-7/8 cents per dozen. The average for February was 15.2 cents compared with 25.1 cents in January and 19.4 cents in February 1932. The price or rehandled receipts declined correspondingly to 13.5 cents; 3.3 cents below the price a year earlier. Farm prices dropped from 21.4 cents on January 15 to 11.0 cents on February 15 compared with 12.8 cents a year ago.

Compared with the 1910-1914 average for corresponding months the relative price has declined from 92 per cent on December 15 to 77 per cent on January 15 and 46 per cent on February 15. While this sharp drop reflects to some extent the tendency for the usual seasonal decline to begin earlier and to reach the spring price level sooner, yet the main factor is the prospect of increased production over last year, also, consumption, which was reduced by the high winter prices, is still low, being about 24 per cent less than a year ago.

Receipts of eggs at the four markets in February were 936,000 cases compared with 1,022,000 cases a year ago and a 5-year average of 1,058,000 cases. January receipts were the highest on record for the month. The same trend continued into early February when the cold wave checked production. What the effect this setback will have on spring production is uncertain.

For the country as a whole it was estimated that there were 2.5 per cent more laying birds in farm flocks on February 1 than a year before. Pacific Coast flocks were reduced somewhat from last year whereas in the Mid-west numbers were increased rather sharply.

Reports from commercial hatcheries indicate a reduction of 33 per cent from last year in the number of salable chicks hatched in January and a reduction of 13 per cent in deliveries ordered for February or later. Part of the reduction is explained by the high January hatchings in 1932 but farm hatchings and the inability of farmers to finance the purchase of commercially hatched chicks are of importance.

Cold storage holdings of case eggs on March 1 were 162,000 cases compared with 256,000 cases a year ago and a 5-year average of 165,000 cases. The into-storage season has started early this year, and eggs not sold for immediate consumption are going into storage. The low prices in the fall and winter of 1930 and of 1931 very largely reflected excessive stocks accumulated during the preceding springs because of low consumption. In 1932 the reverse was the case. Storage stocks reached a peak of 6,431,000 cases by August 1 compared with an average of about 10,000,000 cases, and prices have been relatively high this past fall and winter.

CHICKENS

The farm price of chickens on February 15 was 9.4 cents a pound compared with 9.3 a month before and 12.6 a year before. Compared with the 1910-1914 average for corresponding months, the relative farm price, which has steadily declined from 101 per cent on August 15, was 85 per cent on February 15, a decline of 1 per cent since January 15. The usual seasonal movement of the farm price of chickens is a steady rise from January until mid-spring.

Receipts of dressed poultry at the four markets during February were 20,800,000 pounds compared with 19,600,000 pounds a year before and a 5-year February average of 21,500,000 pounds. The decrease from January this year was 8,300,000 pounds; slightly more than twice the decrease for the same period last year. Receipts usually decrease during the first 3 or 4 months of the year, the principal source of supply being storage stocks.

Cold storage holdings of frozen poultry on March 1 were 88,665,000 pounds compared with 96,400,000 pounds a year before and a 5-year average of 103,500,000 pounds.

LAMBS

Prices of slaughter lambs, after reaching the highest point of the winter months the last week in January, declined somewhat during the first 2 weeks of February and then made a further sharp decline during the third week. The top on lambs at Chicago at the high point in January was $6.65 and the low point of February was $5.40. The average price of good and choice lambs at Chicago for February this year was $5.68 compared with $6.01 in January and $6.48 in February 1932. The February 15 farm price of lambs this year was $4.19 and in 1932 it was $4.58. Prices made a small recovery during the last week in February and a rather sharp advance during the period of bank closing early in March.

The weakness in the lamb market in February was due largely to the relatively large supplies during that month, and especially in some weeks of the month. While both receipts at seven leading markets and inspected slaughter were smaller than in February 1932, which was the largest February slaughter on record, the decrease in February was much smaller than in January and December. Inspected slaughter was about 13 per cent below February 1932, whereas January and December slaughter were 21 and 20 per cent respectively below the corresponding months a year earlier. In 2 weeks in February this year receipts at seven leading markets were above those in the corresponding weeks in February 1932 and the decrease in slaughter from January to February was much smaller than usual.

The relatively large supplies of slaughter lambs in February were due to the heavy early movement of fed lambs from Colorado and the Scottsbluff area of Nebraska. Although the total number on feed in these two sections was considerably smaller on January 1 this year than a year earlier the number of cars loaded during the 4 weeks ended February 25 was 17 per cent larger this year than in the corresponding weeks in 1932. This heavy early movement was due to several causes: the lambs going into feed lots this season were heavier and in better condition than a year earlier; the feeding season has been quite favorable and good gains were made; in Colorado, alfalfa hay and beet tops were in small supply and hay was high priced relative to feed grains, so that a heavier grain ration was used with a resulting quicker finish; the lamb market late in the feeding season in 1932 declined sharply and apparently feeders planned their operations to some extent this year to avoid the late market.

Supplies of fed lambs during the balance of the fed lamb season, which ends in May, will come largely from Colorado and western Nebraska. The estimated number left in feed lots in these sections at the end of February was 1,145,000 head compared with 1,350,000 a year earlier and 1,310,000 2 years earlier. During this same period new crop lambs from Arizona, California and Texas will move in volume and the movement of grass fat yearlings and wethers from Texas will be well under way.

Because of continuing unfavorable feed conditions the movement of California lambs will probably be late and eastern shipments before May 1 may be much smaller this year than last. The number of early lambs from Texas is reported as smaller than last year, but feed conditions the past winter have been generally favorable and with average seasonal conditions during March fairly heavy shipments of grass fat sheep in April are expected.

Present indications are that the supply of lambs, fed and new crop combined, from the middle of April to the middle of May will be considerably reduced from that of a year earlier. A part of this reduction in lamb supplies, however, may be offset by larger supplies of Texas yearlings and wethers. Although competition among these various classes is not very direct in most years, large total supplies tend to weaken the situation for all classes.

HORSES AND MULES

The average farm value of horses in mid-February was $62 and of mules was $67 compared with $59 and $63 in January and $56 and $61 respectively in February 1932. Horses and mules are the only products of the farm which are now bringing better prices than a year ago. What are the reasons? Some say it is because farmers can raise hay but cannot raise gasoline. No doubt many farmers can produce their own horse power more cheaply than they can afford to sell their feed or other products to buy motor power at present price relationships. Others say that the use of horse power is more economical in connection with small scale diversified or self-sufficient farming which is the result of necessary adjustments in view of the restricted market for commercial production. Continued high transportation costs are an important factor in the agricultural price situation by restricting markets. At the present low level of farm prices, high freight rates are insurmountable barriers to the movement of many farm products, except within limited areas. These conditions force farmers to become more self-sufficient and have a tendency to increase the demand for horses and mules. Another reason for the recent marked advance in horse and mule prices in relation to other farm prices is that the supply of horses and mules cannot adjust itself quickly to a widespread increase in demand. It takes several years to raise a horse. The number of horses in the United States declined from 21,555,000 on January 1, 1918 to 12,163,000 on January 1, 1933 and is expected to decline for several years yet because of the large number now at an advanced age which will result in a relatively high death rate in the near future. This reduction in the number of horses by nearly one-half the last 15 years was accompanied by nearly a 50 per cent drop in the value per head before the price of horses began to improve recently. A considerable part of this drop in horse prices since 1918, is of course, due to the big drop in the general price level.

WOOL

Trading in raw wool on the Boston market ceased the second week of March when it was decided to withdraw all offerings from the market during the banking holiday. Inquiries for wool and tops were reported to be increasing, but sales were suspended to await a clarification of the financial situation.

Further small declines in wool prices were reported on the Boston market in the month ended March 4. During the final week of that period, however, quotations were largely nominal owing to the limited demand. Quotations on fine (64s, 70s, 80s) strictly combing territory wool remained at 43-45 cents a pound scoured basis for the month. Territory 3/8 blood (56s) scoured basis, was 35-37 cents a pound for the week ended March 4 compared with 36-38 cents a month earlier. Wool prices declined slightly in the chief foreign wool markets during February. Competition was reported to be strong and clearances were satisfactory at most recent sales in the Southern Hemisphere. Prices received by producers February 15 averaged 8.8 cents per pound or 3.6 cents below the average a year

earlier. At the low point last July the price to producers was 7 cents and at the high point of the subsequent recovery, October, it was 9.5 cents per pound. The decline from January to February was only one-tenth cent per pound showing that prices to producers were nearly stable, as were market prices during the period. February prices by regions ranged from 7.7 cents in the Mountain States to 12.5 in the North Atlantic States. The lowest price, 6 cents per pound, was reported for Colorado, New Mexico, and Oklahoma, and the highest, 14 cents per pound, for Pennsylvania. In the Carolinas, Georgia, and Florida, the average price to producers was 13 cents per pound.

Conditions in continental European wool centers continued fairly satisfactory through January and manufacturing activity was well maintained. By February, however, a slackening in business was evident and the wool trade was somewhat influenced by the less optimistic tone in other raw material markets and by difficulties in the political situation. The English market has recently been very quiet with new business limited to immediate requirements.

Consumption of combing and clothing wool by United States manufacturers reporting to the Bureau of the Census during January was approximately 32,000,000 pounds (grease equivalent) or practically equal to the consumption in December. The January consumption, however, was 11 per cent greater than that reported for January, 1932. In view of the slowing-up of trade in the Boston market during February and recent unsettled conditions, reports on consumption for the first quarter of 1933, when available, are expected to show a decline compared with the final quarter of 1932 when activity in the wool manufacturing industry was generally high.

Imports of combing and clothing wool into Boston, New York and Philadelphia from January 1 to March 4 were only 1,000,000 pounds compared with 5,525,000 pounds in the same period of 1932. Only 9,030,000 pounds of carpet wool were received to March 4 compared with 16,356,000 last year.

The 1932-33 selling season in the Southern Hemisphere on February 1 was characterized by heavier disposals and reduced stocks as compared with last season. Wool production in 1932 in 24 Northern and Southern Hemisphere countries which produce about 88 per cent of the world total, exclusive of Russia and China, is now estimated at 2,870,000,000 pounds and is about equal to that of 1931 and only 16,000,000 pounds or 0.6 per cent less than in 1930.

Interest is now beginning to center in the spring clip in Northern Hemisphere countries, particularly in the United States. The number of sheep reported in the United States on January 1, 1933 was 3 per cent below the number reported on January 1 a year ago. However, conditions in the range States to February 1 were much better than they were a year ago. Although the official estimate will not be available for some time, prospects are for a clip probably not less than that of 1932. Last year despite the unusually large number of sheep on hand on January 1 the wool clip was considerably reduced as a result of unfavorable weather which caused heavy losses in the spring and a reduced weight of fleece. Both the number of sheep shorn and the weight of fleece was below the average for the years, 1925-1931.

COTTON

Activity in the American cotton markets has been suspended during the banking holiday. On March 3, however, the price was 6.09 cents per pound at the 10 markets, or about three-tenths of a cent per pound higher than on February 3. On the Liverpool market prices of American cotton advanced a little over one-half cent per pound during the week of March 11, and the few spot transactions in domestic markets suggested that a somewhat greater advance occurred in this country.

The developments that will occur following the banking holiday are of course uncertain. However, the optimism resulting from the strong measures adopted to meet the banking crisis pervades the cotton industry. Sales of cotton goods appear to have held up rather well in view of the financial situation, and a resumption of banking operations on a sound basis may be expected to improve trade in cotton textiles in the next few months. On the supply side, some fear that bankers may tend to force cotton onto the market whereas others are of the belief that bankers will continue to hold, particularly if such holding is part of a general program to reduce production. However, the adoption of a program to control production, such as that suggested in the recent meeting of agricultural leaders in Washington, would probably constitute the dominating supply factor in the cotton market for the next few months.

World consumption of American cotton showed a further and significant increase for the first half of the current season. For the 6 months ended February 1, the consumption of American cotton amounted to 6,845,000 running bales, or a rate of 13,700,000 bales annually. This was the fourth consecutive half-year period in which world consumption of American cotton has increased. The increase over the last half of 1931-32 was 643,000 bales or 12 per cent. The increase was 1,567,000 or 30 per cent above the first half of 1930-31. This increase in the consumption of American cotton reflects the increase in consumption of all cotton and further gains in the consumption of American cotton at the expense of foreign growths.

Consumption of Indian cotton for the half year period ended February 1, amounting to 2,060,000 running bales, was slightly above the preceding 6-months period, but was 27 per cent below the first half of last year. Consumption of Egyptian cotton decreased slightly. Consumption of sundries cotton amounted to 2,520,000 running bales, an increase of about 400,000 bales over the last half of last season, This was the first time in 3 years that the consumption of sundries cottons has shown an increase, and this probably resulted from the improved crop in China.

Mill consumption of all cotton for the half year ended February 1 amounted to 11,887,000 running bales, an increase of 10 per cent or 1,100,000 bales over the last half of last year, and an increase of 357,000 bales over the first half of last year. This was the largest consumption since the last half of 1929-30. On a poundage basis, the increase was probably greater than that shown in bales, since there was a larger proportion of American cotton in the total, the bales of which average heavier than those of Indian and sundries cotton.

World mill stocks of American, Indian, and Egyptian cottons were all slightly less than a year earlier, but mill stocks of sundires cottons were higher than a year ago.

Cotton consumption in the United States during February, despite the fewer number of working days, amounted to 442,000 running bales, which was only slightly less than consumption in February last year, according to data from the Bureau of the Census. The amount consumed in February this year was less than in January, which is usually the case, due to the fewer number of days in February than in January. Total United States consumption from August to February amounted to 3,253,000 bales compared with 3,077,000 bales during the like period of last season and 2,894,000 bales during the first 7 months of 1930-31.

Domestic exports during February totaled about 557,000 running bales compared with 968,000 bales exported during February, 1932; 433,000 bales in February, 1931; and 402,000 bales in February, 1930. Total exports for the 7 months this season amounted to 5,597,000 running bales compared with 5,925,000 bales during the like period last season, and 4,912,000 bales during the period from August to February, 1930-31.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/ 1926=100	Commodity prices: Foreign 4/ In currency 1926=100	Commodity prices: Foreign 4/ In gold 1926=100	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/									
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	85	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Feb.	86	72	77	90	112	77	76	76	2.63	181
Mar.	87	72	78	91	111	76	76	76	2.52	182
Apr.	88	72	78	91	109	75	76	76	2.38	162
May	87	71	78	86	107	73	74	74	2.20	143
June	83	68	76	80	105	72	74	74	2.00	138
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	73	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	105	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.05	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	67	53	1.64	59
1933										
Jan.	64	40	59	51	89	61			1.44	62
Feb.				49					1.25	56

1/ Federal Reserve Board Indexes, adjusted for seasonal variation.
2/ U. S. D. A. August 1909-July 1914=100. 3/Bureau of Labor Statistics ind
4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands. 5/The Annalis Average of daily rates on commercial paper in New York City. 6/Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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THE PRICE SITUATION, APRIL 1933

FARM PRICES

The sharp advances of about 50 percent in corn prices and 25 percent in wheat prices have been the outstanding developments of the last few weeks. Improvement in prices has permeated extensively through the farm commodity price structure. Cotton, tobacco, horses, and mules are now bringing better prices than a year ago whereas wheat, corn, potatoes and apples are at about the same level as at this time last year. Livestock and livestock products, however, have not shared much in the recent price advance.

The index of prices paid to producers of farm products in mid-March of 50 percent of the pre-war average, was 2 percent above the record low of the previous month, but 18 percent lower than in March 1932. Cotton, hogs, wheat, and 18 other major farm products advanced in price during the month ended March 15. These advances were in part offset by seasonal declines in prices of dairy and poultry products, and slight declines in prices of hay and calves. Chickens, eggs, butter, milk, and hay on March 15 were at the lowest prices for the 23 years for which these prices are available.

The exchange value of farm products at 49 percent of the pre-war average on March 15 was 4 percent higher than the record low in mid-February, but 10 percent less than in March 1932. This rise in the buying power of farm products from February to March was due both to a rise in prices of farm products and a fall in the prices of the goods farmers buy.

The general level of farm wages on April 1, was 72 percent of the 1910-1914 average, compared with 74 percent on January 1, and 94 percent on April 1, 1932. The decline in farm wages from January to April was contrary to the usual seasonal increase. The reduction in farm wages during the past year was due both to an increased supply of farm hands and a decreased demand for hired farm laborers.

WHOLESALE COMMODITY PRICES

A higher level of agricultural and metal prices during the middle of March following the banking crisis, raised the general commodity price level about 4 percent above the low point reached in February, but about half of that advance was lost during the last week of March and the first week of April. The price level is apparently being influenced by depressing forces arising from low consumer purchasing power, on the one hand, and by expectation of a general price rise on the other hand.

According to the Bureau of Labor Statistics' weekly index, wholesale commodity prices which had declined to 79.8 percent of the 1910-1914 average during the week of February 28, advanced to 82.8 for the weeks of March 16 and 21, but declined to 81.9 for the week of April 4.

Prices of farm products advanced about 7 percent from the end of February to the middle of March and then declined only 1 percent; food products prices advanced 6 percent then lost 2; textile product prices advanced 5 percent then receded 2 percent; metal prices advanced about 1 percent but have since declined by more than 2 percent. Prices of building materials and of chemicals remained practically unchanged during the banking crisis and subsequently, while fuel prices have shown a fairly continuous decline.

As of April 4, two major commodity groups in the Bureau of Labor Statistics Index; building at 106.6 and fuels at 101.9 still averaged above pre-war levels. The remaining six major groups were below, farm products at 65.6 and foods and textiles at 66.5 being the lowest. Compared with the low point reached last February; farm, food and textile products are above, while fuels and metals are below.

In England, wholesale currency prices (according to Crump's Weekly Index) have also followed a slowly downward tendency since the temporary advance of last summer, averaging 61.2 percent of the 1926 level in January, 60.5 in February and 60.0 in each of the weeks during March. In Italy, the downward tendency continued even during March. Prices in Milan, Italy declined from 45.5 percent of the 1926 level in the first week of January to 44.2 the first week of March and 43.8 the last week of March.

BUSINESS CONDITIONS

The slow downward drift of business activity during the last part of 1932 and the first 2 months of 1933, was accentuated by the banking crisis during the first part of March. The advance in physical volume of output made last fall had practically been wiped out by the middle of March and was accompanied by a further decline in employment and payrolls. During the last 2 weeks of March, however, the restoration of more nearly normal banking operations was accompanied by quick recoveries in certain basic industries toward the levels that had prevailed during February, immediately before the banking crisis. This recovery from the sharp effects of the banking holiday and restricted flow of money and credit for commercial purposes is apparently still in progress. Any sharp advance in this trend to levels well above those of the first 2 months of this year is likely to be contingent on some major stimulus, such as rising prices of producers' goods, or the creation of a broad scale demand for industrial labor.

Of the five weekly indicators of business activity included in the Annalist index, four showed a rising tendency by the first week of April, whereas one declined. Those that advanced, are carloadings, steel mill activity, electric power production, and automobile production, each indicator having shown noticeable contraction as a result of the banking holiday, but cotton cloth production which had remained at a relatively high level in recent months declined during the last half of March, but not sufficiently to offset the recoveries in the other branches of industry. Advances in scrap and pig iron prices and steel ingot production reported during the second week of April point to a continuation of the industrial recovery from the sharply reduced level of mid-March.

With the decline in industrial activity, industrial unemployment reached a new high level in March and the incomes of consumers fell to the lowest level since the depression began.

The lifting of the bank moratorium was followed by credit and financial conditions approximating those which prevailed at the beginning of the year, with the rather important exception that a substantial amount of deposits is still unavailable in the banks that have remained closed, and, which serves to retard commercial activity. Since the lifting of the banking moratorium gold reserves of the Federal Reserve Banks have expanded and a substantial portion of the greatly increased volume of hoarded currency has returned to the banks. Data on the loaning and deposit activity of all member banks are not available, but New York City reporting member banks show an increase in net demand deposits since March 15, a decline in loans secured by stocks and bonds, an increase in commercial loans, and a lower volume of total investments due to a decrease in United States Government securities greater than the increase in holdings of other securities. Commercial interest rates have been lowered from the position of a month ago as a result of the improvement in the credit and financial situation, but they are substantially higher than for any other month since May, 1932. Prices of industrial stocks lost a part of the advance that took place with the opening of the banks and have remained fairly stable with a rising tendency during the first part of April.

WHEAT

Ever since the reopening of the markets after the bank holiday, Chicago prices have been well above Liverpool and since March 22 price changes in the United States markets have been almost wholly independent of price changes at Liverpool, Winnipeg and the other important wheat markets of the world. From March 22 to April 11, United States prices rose by about 10 cents per bushel whereas prices in other world markets were practically stationary. This appears to have been due to a combination of influences so unusual in their nature that their importance and their final result cannot well be foretold. The factors that appear to have been responsible for the rise are the increasing evidences that the winter wheat crop will be small and that the carry-over of the United States will be smaller than a year ago, and the anticipation by some of a general rise in commodity prices.

On the last day of trading before the bank holiday prices in United States markets advanced by nearly 2 cents per bushel, and when trading was resumed March 16 they were 5 cents per bushel higher. This rise was apparently due largely to the feeling among traders that United States currency would depreciate in the foreign exchanges. Prices during the interval were also higher in foreign markets, especially in Canada, where depreciation of United States currency was expected to result in a further depreciation of the Canadian dollar. Private estimates of lower farm stocks may also have contributed to the advance, however. From March 16 to 22, prices in the United States declined rapidly by about 3 cents per bushel while prices in other world markets declined much less.

Following this there was a rapid and fairly steady advance in the United States and on April 11 wheat prices closed about 10 cents per bushel higher than on March 22. Meanwhile there was virtually no change in prices

in foreign markets, and on April 11 May futures at Chicago closed nearly 12 cents per bushel higher than at Liverpool. From this independence of their movement it is apparent that United States prices have been subject to influences almost entirely independent of those in foreign countries. There appears to be a growing conviction that United States prices during most of the next crop year and perhaps longer, will be on a domestic basis and less subject to influence from world prices.

Evidence has been accumulating that the United States carry-over may be smaller this year than last. On the basis of data available during the latter part of March, it appeared that the surplus of domestic wheat available for export and carry-over as of March 1 was nearly 60,000,000 bushels smaller than that of a year earlier. Private estimates of the winter wheat crop as of April 1, indicated an outturn of about 375,000,000 bushels, and hence tended to confirm earlier reports, both private and official, to the effect that the winter wheat crop would be small. The official forecast, based on April 1 conditions which was released on April 10, however, indicated a winter wheat crop of only 334,000,000 bushels which would be nearly 130,000,000 bushels smaller than the small crop of last year and 265,000,000 bushels smaller than the average winter wheat crop of the 5 years 1926 to 1930.

Available data now suggest that the carry-over of wheat at the end of the year, June 30, 1933, will be about 330,000,000 bushels, compared with 363,000,000 a year ago. Farm stocks as of April 1, estimated at 178,000,000 bushels, are about 12,000,000 bushels in excess of a year ago, but commercial grain stocks in principal markets in the United States, April 1, were about 71,000,000 bushels less than a year ago. Data as to mill holdings are not available. Murray estimated that country mills and elevators held on March 1 more wheat than a year ago, and commercial mills seemed to have about as much as last year. Assuming that the mill holdings in all positions are about the same as a year ago, the total of wheat stocks in the United States as of April 1 was possibly about 60,000,000 bushels less than a year ago. Net exports, April to June, 1932, amounted to 27,000,000 bushels. The prospect of a short crop, together with other conditions, may practically eliminate exports for the remainder of the season, and the feeding of wheat is likely to be small on account of the abundance of corn in most parts of the country; so that the carry-over at the end of the year may be about 30,000,000 to 40,000,000 bushels less than a year ago.

If the spring wheat crop should turn out to be about average, that is, about 250,000,000 bushels, this together with the forecast winter wheat production of 334,000,000 bushels would result in a total crop of only 584,000,000 bushels which is less than the domestic utilization even in years when prices are high enough to keep feeding of wheat to a minimum. Ordinarily, about 500,000,000 bushels are used for food purposes, 79,000,000 bushels at present acreage levels for seed, and when feeding is at a low level about 30,000,000 to 50,000,000 bushels are used for this purpose. Hence, it would appear that the United States is almost assured of a smaller wheat carry-over on July 1, 1934, than the reduced carry-over which is in prospect for this year.

The United States average farm price of wheat as of March 15 was 34.5 cents per bushel compared with 32.3 cents a month previous and 44.2 cents in March, 1932. The small rise indicates that farm prices had not yet

received the full benefit of the rise in market prices which occurred from mid-February to mid-March. As there has been a further rise in market prices of about 8 cents per bushel since mid-March, it appears that the average level of farm prices at the present time may be in the vicinity of 40 to 45 cents per bushel.

BARLEY

Malting barley advanced 10 cents per bushel from March 11 to April 8 whereas feed barley advanced only 5 cents during the same period. Choice to fancy malting at Minneapolis on April 8 was selling from 36 to 38 cents per bushel compared with a range of 26 to 28 cents on March 11. Feed barley sold from 22 to 27 cents on April 8 and from 17 to 22 cents on March 11.

The production of all barley in the United States increased from 1908 to 1918. From 1919 to 1926 the level of production was considerably below the average of the 5 years immediately preceding the enactment of the Prohibition Law. From 1927 to 1932, however, the average production was larger than for any previous 6-year period. The fluctuations in the production of barley during the last 15 years have for the most part, indicated the extent to which supplies have adjusted themselves to demand. The sudden falling-off of market demand for barley about 1919, no doubt, was responsible for the low level of production for the next 7 years, and the increase in production since 1927 has been due largely to the increase in livestock production in areas where barley could be grown to better advantage than corn.

Prior to 1919, 65 to 75 percent of the barley produced in this country was used for feed. Since 1920, however, the percentage used for feed has been much higher. During this latter period the price of barley has been somewhat more closely associated with the price of corn than for the former period. There is, however, only a small difference in this relationship and even during pre-prohibition days the market price of barley was usually closely associated with the price of corn. This can be accounted for by the fact that there was usually at all times adequate supplies of barley for malting and other commercial uses. In years of short barley crops the shortage appeared in feed supplies where corn was readily substituted for barley.

The resumption of the manufacture of beer in April 1933 has resulted in a material increase in the demand for malting barley. The increase in the use of barley for malting purposes will very likely result in an increase in price for good malting barley until such time as production of malting barley increases to take care of the increased demand.

Supplies of barley suitable for malting purposes during the 1933-34 crop year may be adequate to supply the malting needs. Good malting barley can be raised in a number of areas and the seed of varieties suitable for malting is probably adequate to enable farmers to raise a crop sufficiently large to meet the increase in demand. Barley farmers have expressed their intentions of planting 12,971,000 acres this year or 98.2 percent of the acreage harvested in 1932. This expressed intention to decrease acreage by 1.8 percent may, when interpreted in the light of the production of barley suitable for malting purposes, be equivalent to a somewhat larger percentage decrease because some States which produce the best grades of malting barley have expressed the intention to decrease by as much as 4 percent while the principal increases reported were from States which produce poorer grades of malting barley. Farmers may, however, adjust their plans from these expressed intentions and either sow a larger acreage than intended or sow a larger percentage of their acreage to good malting varieties.

It is not anticipated that the foreign demand for barley grown in the mid-west area will be of any consequence during the remainder of the current year or during 1933-34. Exports of barley grown in that area have been very small since 1929 principally because of the competition from feed grains in foreign markets. California exports which go primarily to the United Kingdom for malting purposes held up fairly well until 1931-32. Because of its high malting qualities California barley occupies a relatively strong position in the English brewing and distilling industry but decreased alcoholic beverages and competition with barley from Chile may prevent any substantial improvement in the market outlet for California barley in the United Kingdom market. Since Canadian barley is usually inferior to California barley to satisfy the English malting demand it is not expected that the advantage which Canada has in the English market will result in any considerable quantity of Canadian barley replacing barley from California.

CORN

Corn prices during the past month have shown a marked rise amounting to approximately 10 cents per bushel. No. 3 Yellow Corn at Chicago which averaged 21.9 cents for the week ended March 4 and 25.9 cents for the week ended March 18, averaged 33.1 cents per bushel for the week ended April 8. Futures have risen similarly but by a smaller amount.

The United States average farm price as of mid-March was 20.6 cents per bushel compared with 19.4 cents as of mid-February. Most of the rise of corn prices has taken place since the middle of March, and farm prices are no doubt at considerably higher levels than they were on March 15.

Receipts of corn at 14 markets during March amounted to only 7,600,000 bushels, the smallest receipts for that month on record. Last March receipts were also small, but amounted to 10,600,000 bushels, and average March receipts for the past 5 years are 22,400,000 bushels. In spite of small receipts, commercial stocks continue at fairly high levels, amounting on April 8 to 34,600,000 bushels compared with 22,800,000 a year earlier and an average on the corresponding date of the past 5 years of 30,400,000 bushels. Farm stocks are also large, April 1 stocks as officially reported, amounting to 1,127,000,000 bushels compared with 907,000,000 a year ago. The small receipts, in face of large farm stocks, are indicative of the unwillingness of farmers to sell at current prices. Corn prices have no doubt been helped by the strength of wheat which is due partly, at least, to an assured smaller supply of wheat for the coming year than has been available during the current season.

POTATOES

Prices of old stock potatoes in central markets strengthened slightly during March and averaged higher during the first week of April than a month earlier. At New York most of the rise came during the last week of March and the first week of April when the average price advanced from $1.12 to $1.16 per 100 pounds. A year ago the early April price was around $1.12. The Chicago car-lot price per 100 pounds advanced from 71 to 80 cents during the first 3 weeks of March but declined during the next 2 weeks to 73 cents which is about 25 cents per 100 pounds below the early April price of 1932.

Old potato prices at nearly all shipping points registered a 10 to 15 cent advance during the past 4 weeks. F.o.b. prices of green mountains at Presque Isle, Maine, advanced from 45 cents per 100 pounds sacked in early March to 55 cents. At Rochester, New York, f.o.b. prices of round white potatoes rose from about 58 cents per 100 pounds sacked to around 72 cents during the past month. At Waupaca, Wisconsin, prices advanced from 49 to 58 cents. Stocks of old potatoes are rapidly becoming depleted in the Western States and shipping point prices have strengthened considerably. At Idaho Falls, f.o.b. cash-track prices advanced from 32 cents per 100 pounds in early March to a season high of about 58 cents in early April. The March 15 farm price averaged 39 cents per bushel compared with 37 cents on February 15 and 45.7 cents on March 15, 1932.

With the rise in potato prices, shipments of old potatoes have increased rather sharply during recent weeks. The car-lot movement exceeded 6,000 cars per week about the middle of March and totaled 5,000 cars during the last week as compared with 4,500 cars during the corresponding week last year. Nearly 112,000 cars of potatoes have been moved by rail or boat from the 18 late producing States this season to April 1 compared with 137,000 cars during the corresponding period a year ago.

The movement of new potatoes from Florida attained considerable volume during the last few weeks. From 232 to 272 cars per week have been shipped from the Hastings area this season compared with 213 cars per week a year ago. F.o.b. prices at Hastings, Florida, opened at about $3.50 per barrel but recently declined to $3.00 per barrel. L.c.l. prices of Florida spaulding rose potatoes ranged from $4.25 to $5.00 per barrel at New York and from $4.25 to $4.75 per barrel at Chicago.

The production of the early Florida and Texas crops this year is forecast at 2,997,000 bushels compared with the short crop of 2,360,000 bushels a year ago. In the second division of early States the acreage is estimated at 58,900 acres compared with 72,200 acres harvested last year. No production forecast for this area is yet available.

RICE

Rice prices in the Southern States advanced sharply during March and have held steady during the first few days of April. In California prices of milled rice continued unchanged during March. At New Orleans fancy blue rose averaged $1.95 per 100 pounds for March compared with $1.80 for February. The March 1932 average was $2.47 per 100 pounds. At San Francisco, fancy California-Japan averaged $2.27 per 100 pounds for March, the same as for February. The average for March 1932 was $2.66.

The recent price advance was due largely to an improvement in the domestic demand. Exports were above average for the first half of the month but fell off sharply after the price advance. Brewers rice advanced from 15 to 20 cents per 100 pounds with the passage of the beer bill. Plantings in the Southern Belt were about 30 days late and indications are that the 1933 acreage may be more than 20 percent below the 1932 acreage.

Southern Belt

Receipts of rough at southern mills during March amounted to 821,000 barrels, about the same as for March 1932. Stocks of both rough and milled rice in millers hands on April 1, 1933 totaled 1,856,000 barrels compared with

1,842,000 a year earlier. Stocks of rough rice in farmers hands, according to trade estimates, on April 1 were reported to be about the same as a year earlier. Shipments from mills during March were larger than for March 1932. For the first 8 months of the current crop year shipments totaled 678,000,000 pounds compared with 709,000,000 for the corresponding period last year. Exports from southern ports during March were slightly larger than the 19,165,000 pounds exported during March 1932. Exports this crop year to April 1 totaled about 95,000,000 pounds compared with 128,000,000 for the corresponding period last year. Shipments to Puerto Rico from Southern States during March were about the same as during March 1932. Shipments for the first 8 months, however, were about 10,000,000 pounds larger this year. Sales in continental United States during March were much larger than for March 1932.

California

Exports of California rice during March totaled 1,000,000 pounds compared with 565,000 pounds in March last year. Shipments to Puerto Rico and Hawaii during March were 4,050,000 and 7,878,000 pounds, respectively. The combined shipments and exports were much larger than for March a year ago.

TOBACCO

As usual at this season of the year the attention of most tobacco producers has turned toward preparations for the 1933 crop. However, in the cigar leaf districts marketings have progressed more slowly than usual and in some sections most of the 1932 crop is still in farmers' hands. Prices for all cigar types are lower than a year earlier, with prices for the binder types showing the greatest weakness. For example, the estimated farm price for Wisconsin binder declined from 5.4 cents per pound in 1931-32 to 3.7 cents in 1932-33, compared with 10.0 cents in 1930-31, and 15.0 cents in 1929-30.

In all southern districts, marketings of the 1932 crop have now been completed, except in the case of Kentucky-Tennessee fire-cured, with season prices for most types averaging above the record low levels of 1931. However, total farm income for the 1932 crop was less than for 1931, as production was so greatly curtailed. The estimated production of all types in 1932 was only 1,033,000,000 pounds, compared with 1,604,000,000 in 1931.

In general, prices for types used chiefly in the manufacture of cigarettes and smoking mixtures showed most improvement, flue-cured having advanced from 8.5 cents per pound in 1931-32 to 11.6 cents in 1932-33 and burley from 8.7 in 1931-32 to 12.7 in 1932-33. Prices for most of the fire-cured and dark air-cured types showed little improvement over a year earlier, notwithstanding the reduced production of 1932. Demand for these types continued weak both at home and abroad.

Consumption of tobacco products, as indicated by internal revenue reports, continued to decline during February. Cigarette consumption showed a small increase (2.2 percent) compared with February 1932, but cigars declined 17.9 percent from a year earlier, manufactured tobacco (smoking and chewing combined), 16.7 percent, and snuff, 32.1 percent. The increase in cigarettes followed two successive reductions in wholesale prices of leading brands, from $6.85 per thousand on January 2, 1933, to $5.50 February 10, a total reduction of about 20 percent.

Exports of leaf tobacco again declined during February with the total of 23,579,000 pounds representing the smallest total volume for the month since 1918. This amount was 20 percent below the small exports of February 1932 and 50 percent below the 5-year average 1927-1931. Of the important export types, flue-cured totaled 15,882,000 pounds in February compared with 17,475,000 a year earlier and a 5-year average of 31,612,000; Kentucky-Tennessee fire-cured, 4,690,000 pounds compared with 6,181,000 in 1932 and a 5-year average of 9,702,000; Virginia fire-cured, 951,000 pounds compared with 1,977,000 in 1932 and a 5-year average of 1,914,000. Exports of Maryland and Ohio, burley and green river leaf, also, were on a greatly reduced scale. On the other hand, exports of stems, trimmings and scrap continued large, totaling 2,217,000 pounds for February compared with 1,588,000 a year earlier and a 5-year average of 823,000.

Total tobacco acreage for the United States in 1933 will be 1,746,800 acres, or 22 percent above the 1,432,700 acres harvested in 1932, according to reports of farmers' intentions to plant on March 1. The acreage harvested in 1931 was 2,015,500 acres. Intentions to increase acreage are especially pronounced in the burley and flue-cured districts, with increases of 23 percent and 36 percent respectively. The intended acreage of flue-cured would be 13 percent below the 1931 acreage and 16 percent below the 5-year average 1926-1930, but the acreage of burley would be the largest of record. Some downy mildew (blue mold) has been reported again this year in plant beds for flue-cured tobacco, but the damage apparently has not been so serious. Sharp curtailment of acreage for 1933 is planned in most of the cigar leaf areas.

HOGS

The seasonal upswing in hog prices which was in evidence through most of January and February became more pronounced in March and prices moved up rather sharply during the first 3 weeks of the month. The rise was largely the result of a seasonal reduction in marketings and in many respects was similar to the rise in March 1932 except that it ended later in the month. Increased shipments after March 25 caused prices to recede and by mid-April a considerable part of the March advance had been lost.

The weekly average price at Chicago advanced from $3.36 per 100 pounds, the week ended February 25, to $4.01, 4 weeks later, and then declined to $3.77 the week ended April 9. The March average at that market of $3.88 was the highest monthly average since last September but was about 50 cents lower than the March average in 1932. All weights of hogs sold within a very narrow range during the month.

Hog slaughter under Federal inspection during March, totalling 3,602,000 head, was 1.7 percent smaller than in March last year but was only 45,000 head smaller than in February. Slaughter during the first half of the present hog marketing year, which began with last October totalled 23,915,000 head, and was 2,742,000 head, or 10.3 percent smaller than in the corresponding period in 1931-32. Although marketings in recent weeks have included an increasing proportion of hogs from the pig crop of last fall, more than half of the supply has consisted of hogs from the 1932 spring pig crop. Apparently a considerable proportion of these latter hogs was held on farms for April marketing, and as a result slaughter supplies and average weights during the 2 weeks ended April 7, were considerably greater than in the corresponding period of last year.

The hog-corn price ratio continues relatively favorable for the feeding of hogs although corn prices have been advancing recently while hog prices have been declining. Based on farm prices, the ratio in the Corn Belt States was 20.4 in mid-March compared with 19.1 a month earlier and 13.1 a year earlier.

Wholesale prices of fresh pork advanced sharply during the period of the bank holiday as a result of active buying by retailers who wished to make certain of having supplies available for their trade. Most of the gains were lost later in the month. Prices of cured pork advanced moderately during the first 2 weeks of March and most of the advance has since been maintained. Lard prices advanced nearly $1.00 per 100 pounds to $6.50 during the third week of the month, but declined to $5.88 during the first week in April. The composite wholesale price of hog products at New York averaged $10.30 per 100 pounds in March, compared with $9.48 in February and $12.03 in March last year.

Storage stocks of pork and lard are considerably smaller than those of a year ago, partly as a result of the reduced slaughter supplies this past winter and partly because of the policy followed by packers in moving products into consumption as quickly as possible. Stocks of pork on April 1, amounting to 610,000,000 pounds, were 23 percent smaller than those of a year earlier and 29 percent smaller than the 5-year average for that date. Lard stocks, totalling 2,[illegible]00,000 pounds, were 42 percent smaller than those on April 1,1932 and 51 percent smaller than the 5-year April average. The total reduction in stocks on April 1 as compared with a year earlier is equivalent to about 1,412,000 hogs. This latter number is equal to about 8.8 percent of the hogs slaughtered during the 5 months, May to September last year.

Exports of hog products from the United States were relatively large during January, partly as a result of impending increase in import duties on lard into Germany which became effective on February 16. Exports of pork during February, amounting to 8,000,000 pounds, were only 11 percent smaller than in February last year but they were 23 percent smaller than in January and 64 percent smaller than the 5-year average for February. Lard exports in February, totalling 58,000,000 pounds, were 24 percent smaller than in January, 13 percent smaller than in February 1932, and 18 percent smaller than the 5-year average for the month, but they were the second largest for any month since February last year. Exports of pork from the principal ports during March were somewhat larger than in February, but those of lard were considerably smaller.

There are some indications now that hog slaughter in April will exceed that of April last year and be somewhat larger than average for the month. In years of normal distribution of slaughter supplies, marketings from the pig crop of the previous fall usually increase from mid-April to early June and then fall off until mid-September. In the event of a normal distribution this year, as seems likely, the combined slaughter of May and June is expected to exceed that of those 2 months last year, whereas slaughter from mid-August to early October will probably be less than in the corresponding period a year earlier.

CATTLE

Prices of most classes and grades of cattle advanced during the first half of March. During the last half of the month the better grades of slaughter cattle lost all of this advance and for the week ended April 1 the average price of choice steers was back nearly to the low point reached the middle of February. Prices of the lower grades of slaughter cattle also weakened somewhat but were at higher levels at the end of the month than at the beginning. The average monthly price of all beef steers at Chicago in March was $5.04 compared to $4.80 in February and $6.31 in March, 1932. The price of stocker and feeder steers made a seasonal advance during March and the average weekly price at Kansas City the last week of the month was $4.75, compared with $4.33 the last week in February and $5.62 the last week in March 1932. The farm price of beef cattle the 15th of March was $3.42 compared with $3.31 in February, $4.25 in March 1932, and $5.29 for the pre-war March average.

Although receipts of cattle at stockyards markets continued small during March, slaughter was only a little below the average for recent years. Receipts of cattle at seven leading markets were 15 percent smaller in March this year than last while inspected slaughter was only about 3 percent smaller than in March last year and also than the 5-year March average. Calf slaughter was 5 percent smaller in March this year than last. Shipments of stocker and feeder cattle into the Corn Belt States, which were much larger in January and February this year than last, tended to slow down in March and were but little different from the small March movement a year ago. This was due in part to the disruption of the trade for some days during and following the banking holiday.

Although receipts of all cattle at Chicago in March were the smallest for the month in over 40 years, and supplies of beef steers the smallest for the month in at least 12 years, the supply of choice steers was the second largest for the month in 12 years and the proportion of good and choice steers was much above average for the month. While the proportion of heavy steers of choice grades in the total of this grade was about average for the month, the actual number of these heavy cattle was large and they continued to sell at a sharp discount under similar grades of light cattle. Slaughter of cows and heifers under Federal inspection in January and February, combined, was somewhat larger both in total and percentage than for these months in 1932, but it was much below average for the months whereas steer slaughter was about average, but below last year.

Supplies of slaughter cattle are expected to continue small during April, May, and June although they may exceed the very small supplies during these months in 1932. The number of cattle on feed for market in the Corn Belt States on April 1 was estimated to be 10 percent, or 130,000 head, more than on April 1, 1932.

BUTTER

Average daily production of butter in February was slightly less than a year earlier. The average daily movement of butter into consumptive channels was also slightly less than in February, 1932. Cold storage stocks of butter which are at about the seasonal low point are higher than a year ago. Butter prices declined further in March, but rose slightly in the first week of April. Consumer expenditures for butter are decidedly less than in

1932. Because of the late spring the condition of pastures was unusally low on April 1. During each of the last 3 years summer production has been relatively low because of poor pasture.

Production of creamery butter in February was 4.5 percent less than in February, 1932. Because of the difference in the number of days in the month, the decrease in average daily production was only about 1 percent. In the North Atlantic States, February production was decidedly larger than in February 1932, in the Western and South Central States there was a marked decrease, while in the important producing area of the North Central States there was relatively little change.

The price of 92 score butter at New York in March averaged 18.2 cents or 0.5 cent less than in February. Ordinarily prices in March average as high or higher than in February. In each of the last 4 months butter prices have been from 16 to 21 percent less than a year earlier. The farm price of butterfat on March 15 of 15.1 cents was 55 percent of pre-war, and was high when compared with corn and oats, but not so high when compared with wheat prices on March 15 in 1931 and 1932.

The condition of dairy pastures on April 1 at 64.6 percent of normal was lower than the poor condition of a year earlier and considerably lower than the 9-year average of 78.6. The late spring has retarded pastures.

Milk production per cow in herds on April 1 (as reported by crop correspondents) of 13.32 pounds was about 2 percent less than on April 1, 1932, and the second lowest for April 1 in the 9 years for which such data are available. The increase in milk per cow from March 1 to April 1 was about two thirds as great as the average increase between these two dates.

Cold storage holdings of butter on April 1, which is about the seasonal low point, were higher than on April 1, 1932, and about 4,500,000 pounds less than the 5-year average for April 1.

During March there was a sharp decline in foreign butter prices on a gold basis. On March 30, 92-score butter at New York was 7.5 cents above the official Copenhagen quotation and 7.0 cents above New Zealand butter in London. Even though prices of New Zealand and Australian butter in London on a gold basis are between 10 and 11 cents per pound, producers in New Zealand and Australia are receiving a price which is fairly high in relation to their taxes and debts because of the depreciation in their currency in terms of gold.

CHEESE

Even though cheese production in February was larger than a year earlier, the increase over the same month of the preceding year was not as great as in January. Cheese prices were somewhat higher in March than in February. February trade output of cheese was less than in 1932, the decrease being due primarily to a smaller out-of-storage movement. Storage stocks on April 1 were somewhat less than a year earlier.

Production of cheese in February of 29,500,000 pounds was 2 percent larger than in February, 1932, but after correcting for one less day in February this year, the average daily production was 5.7 percent larger than a year earlier. In January the increase was 17.4 percent.

Production of American cheese in February in Wisconsin was about the same as in February, 1932, whereas in the North Atlantic States production was decidedly larger and in the North Central and Pacific Coast States, somewhat larger than a year earlier. In the other groups of States production was less than in February, 1932.

In contrast with the increase in production the movement of cheese into consumptive channels in February was nearly 4 percent less than in the same month of 1932. The decrease in the movement into consumptive channels and the decrease in retail prices indicate a decline of about 16 percent in consumer expenditures for cheese from February, 1932 to February, 1933.

The price of cheese (twins) on the Wisconsin Cheese Exchange rose from 8.0 cents on March 11 to 8.75 cents on March 25. The average price in March of 8.3 cents was 0.3 of a cent higher than in February. Prices in March usually average less than in February.

Cold storage holdings of American cheese on April 1 of 41,600,000 pounds was somewhat less than a year earlier and the smallest for that date since 1928, but only about 1,300,000 pounds less than the 5-year average.

Imports of cheese in February of 3,500,000 pounds were about the same as in February, 1932. On March 30, the price of single daisies in New York was 1.8 cents higher than Canadian cheese in London, and 5.4 cents higher than New Zealand cheese in London.

EGGS

Market price of eggs rose slightly during March as receipts increased less than usual at this season of the year. Consumption continues at a low level. Storage stocks are increasing seasonally, but are somewhat below the levels of 1930 and 1931. In these years relatively high prices and low consumption forced the accumulation of heavy storage stocks in the spring, followed by low prices the following fall and winter.

Prices of special packed midwestern eggs at New York averaged 15.6 cents a dozen in March compared with 15.2 cents in February and 16.4 cents in March 1932. The price of firsts (formerly rehandled receipts) changed correspondingly; averaging 13.7 cents in March. Farm prices continued to fall, however, being 10.1 cents on March 15 compared with 11.0 cents a month before and 10.4 cents a year before. Compared with the 1910 - 1914 average for corresponding months the relative price has declined from 92 percent on December 15 to 52 percent on March 15.

Receipts at the four markets during March were 1,566,000 cases compared with 1,358,000 cases a year ago. March receipts have not been lower, except for 1932, since 1920, whereas in January receipts were the highest on record for the month. For the past 10 years the increase in monthly receipts from January to March has averaged about 980,000 cases. This year the increase was only 572,000 cases.

Reports from commercial hatcheries indicate a reduction of 17 percent from last year in the number of chicks hatched during January and February; a reduction of 9 percent in deliveries ordered for March or later was also reported.

Cold storage stocks of case eggs on April 1 were 1,821,000 cases compared with 700,000 cases a year ago and the 5-year average of 1,294,000 cases. April 1 stocks in 1930 and 1931 averaged about 2,000,000 cases. The quantity of eggs stored, as indicated by the August 1 storage holdings, is of primary influence in determining fall and winter prices. In August 1932 holdings were 6,431,000 cases and prices were relatively high. In the 2 preceding years August 1 stocks were about 10,000,000 cases and subsequent prices were relatively low.

CHICKENS

The farm price of chickens on March 15 was 9.1 cents a pound compared with 9.4 cents a month before and 12.6 cents a year before. Compared with the 1910 - 1914 average for corresponding months the relative farm price has steadily declined from 101 percent on August 15, 1932 to 85 percent on February 15, and 80 percent on March 15.

Receipts of dressed poultry at the four markets during March were 17,500,000 pounds compared with 18,700,000 pounds a year before and a 5-year average of 17,900,000 pounds. The seasonal decrease in monthly receipts from February to March was 3,300,000 pounds, whereas, last year it was but 900,000 pounds. This, in connection with reports from crop reporters showing a heavy culling of farm flocks, would indicate an increase in farm or rural consumption.

Cold storage holdings of frozen poultry on April 1 were 67,200,000 pounds compared with 74,700,000 pounds a year ago and a 5-year average of 80,500,000 pounds.

LAMBS

Lamb prices did not fluctuate greatly during March, but were at the lowest level of the fed lamb season, and at about the same level as last October when the slaughter supply was almost exclusively of grass-fat lambs. During most of March the top on fed lambs at Chicago was around \$5.75 to \$5.85. During a few days it reached \$6.00 and above and for only a few days did it go below \$5.75. During the early days of April, however, it reached \$5.40, the lowest since late February. The first volume receipts of new crop lambs, coming from Arizona, reached Kansas City the latter part of the month and the top on these at \$7.25 was about \$1.00 below that for the initial shipments in 1932. Choice springers in car lots at Chicago early in April sold for \$7.80. The average price of good and choice lambs 90 pounds down at Chicago for March was \$5.55, compared with \$5.68 for February and \$7.00 for March, 1932. The farm prices of lambs for the same months were \$4.27, \$4.19 and \$5.05, respectively.

Slaughter supplies of lambs in March were large. Inspected slaughter at 1,412,000 head was only 1 percent smaller than the record March slaughter of 1932 and was 15 percent larger than the 5-year March average. This large supply was not reflected in the receipts at seven leading markets, which were 10 percent smaller than in March, 1932. The growing tendency for lambs to go direct to packers is shown by the fact that for each of the 4 years, 1928 to 1931, receipts at seven leading markets in March exceeded inspected slaughter whereas in 1932, the slaughter in March was 13 percent larger than the seven market receipts and in March 1933 it was 25 percent larger. Slaughter in March this year was larger than in any of the

preceding 3 months; being the fourth time on record that this has happened. It is significant that in each of the other 3 years, prices of fed lambs in March were relatively low compared with preceding months and these were years when Colorado and western Nebraska lamb feeders experienced unfavorable results from their feeding operations.

Supplies of lambs and sheep in April will be fed-wooled lambs from Colorado and western Nebraska, and fed-shorn lambs largely from commercial feeding yards; new crop lambs largely from California, Arizona and Texas with scattering supplies from other States; and grass fat yearlings and wethers from Texas. The estimated number of lambs left in feed lots in Colorado and the Scottsbluff area of Nebraska at the end of March was 700,000 head, compared with 890,000 head a year earlier and 805,000 head 2 years earlier. Volume shipments of early lambs from Arizona were made the last week in March and will continue during April. Marketings from Texas of both grass fat stock and new crop lambs will be in considerable volume by April 15 and reach a peak in May. The movement of early lambs in California has been relatively small due to the slow development of the lambs. Feed conditions are still unfavorable and the volume of eastern shipments in April will probably be small. Marketings of new crop lambs from the native sheep States the latter part of April may be fairly large due to the large number of ewes which lambed before January 1.

WOOL

Prices of most wools advanced 5 to 10 percent and trading became quite active when business was resumed on the Boston wool market following the "bank holiday" but after the first week of activity, trading declined and reports of inactivity in the goods market resulted in a less optimistic tone at Boston. Small price declines were reported the first week of April but quotations were largely nominal due to the dullness of the market. Purchasing of the new clip is getting under way in the West and in the absence of improved demand from consumers the eastern market is content to await developments.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool were 45-46 cents a pound, scoured basis, for the week ended April 8 compared with 43-45 cents for the week of March 4. Territory three-eighths blood (56s) scoured basis, was 39-40 cents a pound April 8 compared with 35-37 cents for the first week of March. Prices received by producers averaged 8.9 cents per pound on March 15 compared with 12.5 cents in March 1932. Farm prices have been very stable since the beginning of the year, averaging 8.9 cents on January 15 and 8.8 cents on February 15. Except for the declines at the opening of the new series at London on March 14 which adjusted prices there to previous declines in other markets, raw wool prices abroad were generally firm during March and the early part of April.

The decided upturn which took place in the continental wool industry in the second half of 1932 has come to a standstill. Political uncertainty and continued unfavorable economic conditions make it difficult to maintain the improved level of activity in these countries. There has recently been a slight improvement in the English wool manufacturing industry.

Consumption of combing and clothing wool in the United States by manufacturers reporting to the Bureau of the Census in February was approximately 30,000,000 pounds. This was 2,000,000 pounds less than the consumption reported in January, but was slightly larger than that of February 1932. Imports of combing and clothing wool into Boston, New York and Philadelphia in the first 3 months of 1933 were only 1,527,000 pounds compared with 6,733,000 pounds received at these ports in the corresponding period of 1932!

The amount of old wool available for clothing purposes in the United States at the opening of the new season on April 1 was probably not greatly different from that of the same date in 1932. While consumption was low in 1932 the new supply (domestic production plus net imports) of approximately 423,000,000 pounds was about 50,000,000 pounds smaller than that of 1931 and was 10 percent smaller than the average for the 5 years, 1927-1931.

Shearing of the 1933 wool clip has now begun in Northern Hemisphere countries which annually produce about 1,000,000,000 pounds of wool or roughly one-third of the world's total output of combing and clothing wools. No estimates of the 1933 wool clips are as yet available. Present prospects are that the 1933 shorn wool clip in the United States, the most important producer of combing and clothing wool in the Northern Hemisphere will at least equal that of 1932 as a result of improved weather and feed conditions and the fact that losses have been light so far although sheep numbers as of January 1, 1933 showed a reduction of 3 percent as compared with 1932. Increased holdings of breeding ewes in the United Kingdom point to a probable increase in sheep numbers and wool production in that country in 1933, whereas in France a decrease may be expected.

Apparent supplies a/ of wool in the five b/ Southern Hemisphere countries on February 1, 1933 were 6 percent less than at the same date of 1932, but 3 percent above the 5-year average 1927-1931. Exports from these countries to February 1 are estimated at 1,026,000,000 pounds, an increase of 21 percent above the corresponding period of 1931-32 and 18 percent above the 5-year average 1926-27 to 1930-31 for the same period.

COTTON

Cotton markets opened after the banking holiday with prices 56 points above the close on March 3, which was equivalent to the rise on the Liverpool market in the interim. This advance was followed by a decline of 58 points and a subsequent rise of 63 points by April 13. During the last half of March and the first part of April prices were unusually stable, but a rise of 48 points occurred from April 3 to April 13. On the whole, however, cotton prices have changed but little and trading was moderate until the first week in April with traders apparently awaiting more definite developments. Prices of Indian cotton in Liverpool have declined slightly in the past 3 weeks, thus widening the spread between American and Indian cottons. For the month of March middling 7/8 inch cotton at the 10 spot markets averaged 6.19 cents per pound compared with 5.85 in February and 6.56 on April 11. Prices received by producers on March 15 averaged 6.1 cents per pound or almost identically the same as a year earlier.

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a/ Carry-over plus estimated production minus exports from beginning of season to February 1. No account taken of comparatively small quantities used for domestic consumption or quantities sold but not yet exported.
b/ Australia, New Zealand, Argentina, Uruguay and Union of South Africa.

The domestic cotton textile markets have been quiet in recent weeks and textile stocks are reported as having increased. As a result there has been considerable talk of curtailment, with southern mills considering the elimination of night shifts. Domestic mill consumption during March, however, totaled 494,000 running bales which when reduced to a daily rate was about the same as in February. In March last year and the year before domestic consumption amounted to approximately 490,000 bales. For the first 8 months of the season total consumption amounted to 3,747,000 running bales compared with 3,566,000 bales during the like period last season, and 3,384,000 bales from August - March in 1930-31. Unless a marked curtailment takes place during the last 4 months of the season the domestic mills should use considerably larger quantities than from April to July last year. During the last 4 months of last season domestic consumption dropped more than 40 percent and to the lowest levels for at least two decades.

Domestic exports during March totaled only 488,000 bales which was 46 percent less than a year earlier and the smallest for the month with the exception of 1930 since March 1924. The small movement in March this year as in 1930 reflects the low foreign demand for American cotton, whereas in 1924 the small exports were due to the short supply of domestic cotton. Exports to Japan and China during March were 57 percent less than the high exports in March, 1932 reflecting the larger supplies of Indian and Chinese cotton, the large supplies of American already on hand and the recent decline in Japanese textile sales. Exports to Europe during March were 37 percent below a year ago, whereas during most of the season they have been above last season. The recent decline in exports to Europe reflects the recent unfavorable turn in the textile situation there. For the season August to March exports of American cotton totaled 6,085,000 bales compared with 6,852,000 bales during the first 8 months of 1931-32, but were larger than during the like period of 1930-31 or 1929-30.

In addition to the private estimates of cotton acreage another factor which is receiving attention in the cotton markets is the amount of fertilizer which is likely to be used on cotton this year. According to the reports of the National Fertilizer Association fertilizer tax tag sales for the 4 months ended March 31 in the eight principal cotton States (excluding Oklahoma where little fertilizer is used) totaled 1,107,000 short tons. While this is 19 percent above the small sales of last year it is 43 percent below the like period 2 years ago and 63 percent below the 4 months ended March, 1930. Most of the increase over last season is accounted for by the sales in the Carolinas, and almost all of it by these two States plus Georgia. In four of the eight States tag sales have been below the low levels of last season. This leads to a question whether any material increase will take place in the amounts of fertilizers used on cotton. The indications are that a substantial part of the increase in fertilizer will be used on tobacco particularly, in North Carolina where the intentions to plant reports indicates an increase of more than one third in tobacco acreage this year. Substantial increases in tobacco acreage are also expected in South Carolina and Georgia but in these States the fertilizer used on tobacco is small relative to that used on cotton.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment 1/	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/ 1926=100	Commodity prices: Foreign 4/ In currency	Commodity prices: Foreign 4/ In gold	Interest rates 5/	Industrial stock prices 6/
	1923-1925= 100				1910-1914 = 100	1926=100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Feb.	86	72	77	90	112	77	76	76	2.63	181
Mar.	87	72	78	91	111	76	76	76	2.52	182
Apr.	88	72	78	91	109	75	76	76	2.38	162
May	87	71	78	86	107	73	74	74	2.20	143
June	83	68	76	80	105	72	74	74	2.00	138
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	75	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60			1.25	56
Mar.				50					3.30	58

1/ Federal Reserve Board Indexes, adjusted for seasonal variation.
2/ U.S.D.A. August 1909-July 1914=100. 3/Bureau of Labor Statistics Index.
4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones Index is based on daily average closing prices of 30 stocks.

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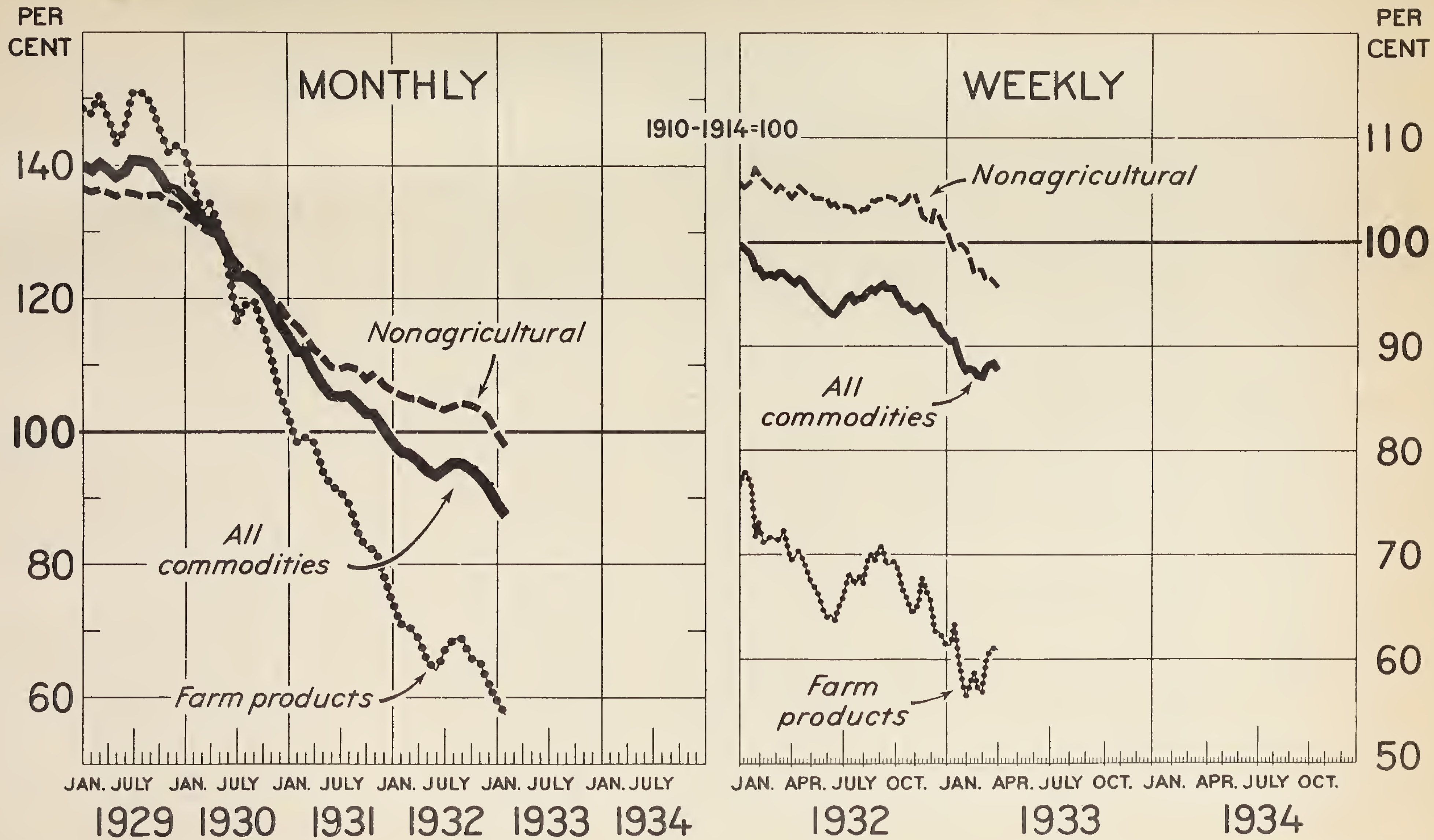
Wholesale Prices of Farm and Nonagricultural Products and of All Commodities, 1929 to Date



U.S. DEPARTMENT OF AGRICULTURE NEG. 25638 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1 – THE GENERAL AVERAGE OF WHOLESALE PRICES REACHED A LOW POINT OF 87 PER CENT OF THE 1910-1914 LEVEL IN FEBRUARY. THE SOMEWHAT HIGHER LEVEL SINCE THEN IS DUE TO A RISE IN FARM-PRODUCT PRICES, PARTICULARLY GRAINS AND HOGS, MORE THAN OFFSETTING THE CONTINUED DECLINE IN NONAGRICULTURAL PRICES

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release May 15, 1933

THE PRICE SITUATION, MAY, 1933

FARM PRICES

Prices of nearly all farm products advanced considerably last month. Grain prices in particular continued the advance begun early in April. Cotton prices have registered a sharp advance since mid-April and more recently cattle, sheep and even the hogs and chickens have joined in the ascending procession. Wheat, corn, cotton, tobacco, eggs, butter, hogs, and some other farm products are now bringing better prices than a year ago.

Although the average of all farm prices is still somewhat less than at this time last year, the buying power of farm products is now higher than a year ago because of the fact that prices paid by farmers are now lower compared with a year ago than are the prices received by farmers.

The general level of prices received by farmers in mid-April was 53 percent of the pre-war average, compared with 50 in March, 49 at the low point in February, and 59 in April 1932. The index for April was the highest for any month since last November. Nearly all of the 27 farm products included in the index advanced in price from March to April. Milk prices, however, declined seasonally to the lowest point in the 23 years for which these prices are available.

The exchange value of farm products for the things farmers buy was 53 percent of the 1910-1914 average in mid-April compared with 50 in March, 47 at the low point in February, and 52 in April 1932. The index of prices paid by farmers for the things they buy has now returned to the 1910-1914 level of 100 percent compared with the record high of 206 percent for the year 1920, 155 for 1929, and 113 for April 1932.

WHOLESALE COMMODITY PRICES

A considerable rise in the general price level has taken place during the last 2 months. The rise has been more pronounced the last 3 weeks during which the dollar has depreciated about 15 percent in terms of foreign gold currencies. The Annalist index of wholesale prices advanced from the low point of 79.7 percent of the 1913 average for the last week in February to 89.3 for the week ended May 9, an advance of 12 percent. The Annalist index of market prices of farm products rose from the low point of 60.6 percent of the 1913 average for the last week in January to 76.8 for the week ended May 9, a rise of 26.7 percent.

The Bureau of Labor Statistics index, which includes more price series and is less sensitive than the Annalist index, reached a post-war low of 87.0 percent of the 1910-1914 average for the week ended March 4, followed by a rise to 87.7 for the first week in April, and 90.4 for the first week in May. The recent rise in prices has taken place almost entirely in raw materials, which had previously declined the fastest and farthest. Farm and food prices

have risen most with smaller advances in hides and leather, and textile products. Metal prices have very recently advanced some. Prices of building materials, house-furnishing goods and chemicals and drugs have been practically unchanged the last 3 months. Fuel and lighting products have continued to decline from their previous relatively high level.

The combined index of wholesale prices in eight foreign countries taking about 75 percent of our agricultural exports had declined to 66.7 percent of the 1926 average for February 1933. This was one tenth of a point below the previous low of last July and 4.3 points less than in February 1932. Crump's index of wholesale prices in England reached a low of 59.7 percent of 1926 for the first week in April, followed by a rise to 61.7 for the second week in May. The Milan Chamber of Commerce index of wholesale prices in Italy continued to decline to a new low of 43.1 percent of the 1926 average for the second week in April. For each of the last 2 weeks in April and the first week in May the index stood at 43.2.

BUSINESS CONDITIONS

The month of April and the first 2 weeks of May were characterized by advancing commodity and stock prices, increasing activity in many lines of production and increased retail and export sales. The gradual improvement in business activity after the banking moratorium was further stimulated by the suspension of gold payments in mid-April, and the prospective passage of various reconstruction measures including the emergency farm relief act, thus initiating advancing prices and causing a general increase in the purchase of commodities all along the line from manufacturer to consumer. A continuation of the rise of prices of commodities, particularly raw materials, together with the increasing confidence in the future would lead to further improvement in business in general and should increase employment and payrolls and the purchasing power of consumers of farm products.

The increase in business activity since the middle of March has been most pronounced in the automobile and steel industries but there has also been a definite improvement in the production of textiles, foods, and many minor industries. The New York Times Weekly Index of Business Activity has increased from 47.9 for the week ended March 18 to 56.4 for the week ended May 6. This increase in productive activity has been reflected in increases in car loadings and electric power production. Building activity has continued to run counter to most other lines of production and in the first 3 weeks of April averaged slightly lower than in March instead of showing the usual seasonal increase. There was some advance in residential construction from March to April but this was more than offset by further declines in all other lines of construction.

The marked improvement in business activity since mid-March has checked the downward trend in employment and payrolls and has resulted in an increase in employment during April rather than the usual seasonal decrease. Factory employment in New York State increased 3 percent and payrolls rose 4 percent from the middle of March to the middle of April.

The financial situation has also shown marked improvement during the past 2 months. The amount of "money in circulation" has decreased sharply. With currency and gold flowing back to the banks, interest rates on call

money and commercial paper have declined almost to the low points reached in January of this year and excess reserves are again accumulating in banks of the larger cities. One unfavorable factor in the financial situation is the large volume of deposits still tied up in both state and national banks which failed to open on an unrestricted basis after the banking holiday. However, these banks are gradually being reopened or their assets liquidated and thus preparing the way for more normal banking operations.

Commercial failures have shown a marked decline since February. The total of failures in March was the smallest for the month in 8 years, and failures continued small during April.

While there has been definite improvement in many lines of industrial activity since the banking holiday in March several factors should be considered in appraising the probabilities of a continued improvement in business activity to more nearly normal levels and the affect of this improvement upon the demand for agricultural products. Some industries are responding promptly to the stimulus of advancing prices and the general improvement in the business outlook. Other industries have as yet shown little improvement. Some industries are usually slow in increasing output after a period of depression. This lag in the response to business improvement tends to retard improvement in the purchasing power of consumers. Consequently, the improvement in the demand for many farm products often does not become apparent until sometime after the beginning of a real improvement in general business activity.

WHEAT

The rapid rise of wheat prices in the United States which began late in March continued through April and the first part of May. The advance from March 22 to May 5 amounted to well over 20 cents per bushel, and on May 11, Chicago July futures closed at 75-1/8 cents which was one fourth of a cent higher than on May 5 and the highest for the season to date. The same factors that have caused a rise in the price of most speculative commodities have been largely responsible for the increase in wheat prices. These have included the expectation of a revival in business and of inflation. The outlook for a greatly reduced winter wheat crop also has contributed to the advance in wheat prices.

The United States average farm price of wheat as of April 15 was 44.8 cents per bushel compared with 34.5 cents in mid-March, and a low of 31.6 cents reached in December. The advance in market prices since mid-April indicates a farm price as of the middle of May of nearly 60 cents per bushel, or almost double the price which was being received 4 months earlier. In those regions where farm prices were lowest, the percentage advance has, of course, been much greater. The average price of all classes and grades of wheat at the six principal markets, which was 46.1 cents per bushel in December and 47.9 cents in February, had risen by May 5 to over 75 cents per bushel. Except for a lag of a few days in times of fluctuating prices, the United States farm price during most of the year ordinarily averages about 15 cents per bushel lower than the average price of all classes and grades at six markets.

The rise of wheat prices has been closely associated with rising prices of other commodities. The advance in these prices has been due primarily to the expectation of improving business conditions and inflation, but only a part of the rise can be attributed to any actual depreciation of the dollar in the foreign exchanges. The rise of the dollar value of the French franc (which is still on the gold standard) has amounted to only about 17 percent, while the rise in prices of speculative commodities has been much greater. In the case of wheat, Chicago prices have risen about 50 percent. In addition to the influences common to all speculative commodities, wheat has been affected by the poor outlook for the winter wheat crop in the United States.

Recently available data on stocks of wheat held by mills indicate that total stocks of wheat in six positions (farm stocks, stocks in interior mills and elevators, commercial stocks, merchant mill and elevator stocks, in transit to merchant mills, and wheat stored for others by merchant mills) as of April 1, this year, total 522,000,000 bushels, compared with 543,000,000 a year earlier, and 488,000,000 as of April 1, 1931. The present price situation militates against any material export of wheat or of flour other than that milled in bond, so that net exports during the months April to June inclusive are expected to be extremely small. During the corresponding months of 1931, net exports amounted to 25,000,000 bushels and in 1932 to about 27,000,000 bushels. Domestic utilization during the second quarter of 1933 is not expected to be greatly different from what it was during the corresponding period of the previous 2 years. Consequently, indications are that the carry-over as of July 1, 1933, will not be greatly different from what it was on July 1 of last year when it amounted to 363,000,000 bushels.

Conditions as of May 1 indicate that the United States winter wheat crop may be about 337,000,000 bushels. This is only slightly more than was indicated in the April report. Such a crop of winter wheat, combined with spring wheat, if it should equal the average of about 250,000,000 bushels, would result in a total wheat crop for 1933 of about 590,000,000 bushels. This would be somewhat below the domestic utilization during the crop year. The amount of wheat ground for flour for domestic use may total about 500,000,000 bushels, whereas seed used at present acreage levels amounts to about 79,000,000 bushels. Even in times when wheat prices have been much higher than they are now, feed and loss has ordinarily amounted to about 40,000,000 bushels yearly.

In Canada it is reported that farmers intend to plant about 5.5 percent less spring wheat than in 1932. Intentions to plant in Canada have been available in only 2 previous years, however, and in both of these the actual wheat acreage reported has been larger than that indicated by intentions. Last year intentions to plant indicated an area 3 percent below that of 1931 while present estimates indicate that the 1932 area was larger than that of 1931 by nearly 3.8 percent. In 1931 a reduction of 8 percent was indicated by intentions but the present revised estimates indicate that the area in 1931 was practically the same as that of 1930.

United States prices continue to be far above an export basis, Chicago May futures being approximately 10 cents per bushel higher than Liverpool May, whereas Chicago futures must ordinarily be 10 cents a bushel or more

below Liverpool in order to facilitate any considerable export movement. This tends to make the present level of wheat prices in the United States very largely dependent upon the domestic situation and subject to rather wide fluctuations with changes in the outlook for supplies.

CORN

Corn prices rose rapidly during the latter part of April and the first week of May. The advance has been a part of the general rise of speculative commodities and securities which has been based largely on the expectation of continued improvement in business and a general rise of commodity prices. Supplies of corn on farms are still large, but thus far the movement of corn to market has been moderate in spite of higher prices, and market stocks have been declining slightly.

The average farm price of corn as of April 15 was 28.2 cents per bushel, an advance of nearly 8 cents over the March price of 20.6 cents per bushel. A year ago in April, prices averaged 31.4 cents per bushel. At Chicago, No. 3 Yellow rose from 33.1 cents for the first week of April to 38.8 cents for the first week of May. This indicates an average farm price as of mid-May of between 30 and 35 cents per bushel.

Receipts of corn at 14 markets were much larger in April than in March, amounting to 17,400,000 bushels. No doubt, March receipts, which were only 7,600,000 bushels, were greatly reduced by the bank moratorium and the closing of grain markets during early March. Probably some corn which otherwise would have been shipped to market in March was delayed until April, making April receipts abnormally high. Average receipts for the month of April for the past 5 years have amounted to 17,000,000 bushels, whereas last year they amounted to only 10,200,000 bushels. Commercial stocks have been declining since March 11 when they amounted to 38,700,000 bushels. They have been smaller in each succeeding week until at the close of the week ended May 6 they amounted to 31,800,000 bushels. At this level, however, they are larger than they have been on the corresponding date of any of the past 4 years. A year ago they amounted to 22,300,000 bushels, and the average of the past 5 years was 23,500,000 bushels. There has been a marked increase in wet process grinding, grindings in April amounting to 7,100,000 bushels compared with 5,800,000 bushels in March and 4,700,000 in April of last year. The grindings for April of this year are the largest for any April since 1928, and the largest for any month since January 1930. The average wet process grindings for the month of April for the past 5 years amounted to 6,200,000 bushels.

Whether the present level of cash corn prices is maintained will depend largely upon developments in the business situation, as well as upon the amount of cash corn available for market and the demand for corn for both feeding and industrial purpose. It is significant, however, that while market demand for corn has increased there are at present large supplies of corn still available from the 1932 crop, April 1 farm stocks having amounted to 1,127,000,000 bushels compared with 907,000,000 a year earlier. Consequently, except in the event of a very large reduction in the new crop, it seems likely that large supplies of old crop corn will be available for the market before the end of the summer.

POTATOES

The commercial early potato crop in the group of states which follow, Florida and the Lower Valley of Texas in their marketing season is expected to amount to 6,590,000 bushels or about 6 percent less than in 1932, according to reported prospects around the first of May. The prospects for materially higher yields this season over last season nearly offsets the 18 percent reduction in acreage. Prices of old stock potatoes at central markets declined during the past month. At New York, prices declined from $1.16 per hundred pounds during the first week of April to 99 cents during the first week of May whereas at Chicago the decline was from 73 cents to 70 cents. At Chicago prices advanced slightly during the first half of April but declined during the latter half. Prices of old stock potatoes at these markets a year ago averaged 10 to 15 cents per 100 pounds above present prices.

Shipping point prices of old potatoes advanced slightly during the first half of April but declined during the latter half. F.o.b. prices at Presque Isle, Maine are now quoted at 40 cents per 100 pounds compared with 55 cents a month ago and 65 cents a year ago. At Rochester, New York, f.o.b. prices averaged 67 cents per 100 pounds during the first week of May compared with 74 cents during the first week of April and 82 cents during the first week of May 1932. F.o.b. prices at Waupaca, Wisconsin averaged 50 cents per 100 pounds or about the same as a month ago, but about 4 cents less than a year ago.

Shipments of old potatoes dropped off sharply during April and averaged around 3,500 cars per week compared with approximately 4,500 cars per week during April 1932. To date only about 126,000 cars of the 1932 crop potatoes have moved by rail or boat compared with 155,000 cars for the corresponding period of the 1931 crop. On the other hand, shipments of new potatoes from the early Southern States have increased tremendously in recent weeks or to slightly more than 900 cars per week which exceed those of a year ago by three-fold. The total movement to date, however, exceeds that of a year ago by only about a third. Florida, Louisiana, and Alabama have all contributed to the increased shipments this season.

With the increased shipments, prices of new potatoes have declined from $2.79 to $1.99 per 100 pounds during April at New York and from $3.47 (l.c.l.) to $2.30 (carlots) at Chicago. At Hastings, Florida, the f.o.b. price of Spaulding Rose potatoes declined from an average of $1.88 to $1.44 per 100 pounds compared with $4.40 for the first week of May 1932. A similar decline has taken place at Brownsville, Texas. The Houma, Louisiana, f.o.b. price opened at $1.10 to $1.25 per 100 pounds.

The United States farm price of potatoes as of April 15 averaged 42.4 cents per bushel or 5.4 cents above that of March 15, 4.0 cents below that for April 1932 and 26.4 cents below the April 1910 to 1914 average.

RICE

Rice prices advanced sharply during April and the first few days of May. Prices on May 8 were from 40 to 60 cents per 100 pounds above those of a year earlier. At New Orleans fancy blue rose averaged $2.22 per 100 pounds for April compared with $1.95 for March. The April 1932 average was $2.21 per 100 pounds. At San Francisco fancy California-Japan averaged $2.48 per 100 pounds for April compared with $2.27 for March and $2.39 for April 1932.

The recent price advance was due largely to improvement in domestic demand, anticipated aid from relief legislation, and the depreciation of the dollar. It was also aided by the increased demand for rice for brewing.

Southern Belt

Stocks of both rough and milled rice in millers hands on May 1, 1933 amounted to 1,333,000 barrels compared with 1,757,000 a year earlier. Shipments from mills during April totaled 110,788,000 pounds. This was the largest April distribution in the history of the rice industry in the United States and was the largest for any month since November 1931. Shipments during the first 9 months of the current crop year totaled 738,000,000 pounds compared with 735,000,000 for the corresponding period last year. Should shipments during May, June, and July equal those of the corresponding period last year the carry-over will be considerably smaller on August 1 than a year earlier. Exports from southern ports during April were considerably smaller than the 27,581,000 pounds exported during April 1932. Exports this crop year to May 1 totaled about 98,000,000 pounds compared with 156,000,000 for the corresponding period last year. Shipments to Puerto Rico from Southern States during April were about the same as during April 1932. Shipments for the first 9 months, however, were about 3,000,000 pounds larger this year. Sales in continental United States during April were much larger than for April 1932.

California

Exports of California rice for the crop year to May 1 were about the same as the 4,000,000 pounds exported during the corresponding period in 1931-32. Shipments to Hawaii to May 1 totaled 64,000,000 pounds compared with 61,000,000 for the corresponding period last year. Shipments to Puerto Rico also have been larger this year. It seems likely that the California carry-over will be smaller than last year and may be about the same as the average of the last 5 years.

HOGS

Hog prices have shown pronounced strength following the official announcement last month of the suspension of gold payments in this country and under the stimulus of prospective reconstruction measures. At the time of the announcement, prices were moving seasonally downward and were down about 30 cents per 100 pounds from the high point made the third week in March. The advance during the last 3 weeks has carried prices above the previous highs at the year and the top of $5.00 at Chicago on May 15 was 60 cents above the March top and the highest price recorded at that market since August 26, 1932. The fact that the price upturn has been accompanied by increased hog marketings makes it a significant development in the general hog situation, and is in marked contrast to the pronounced weakness in hog prices that prevailed at this time last year when slaughter supplies were considerably smaller. The last week in April was the first time since the fall of 1930 that hog prices were higher than in the corresponding period a year earlier. The average at Chicago last week of $4.00 was 80 cents per 100 pounds higher than for the corresponding week last year.

From the high point of $4.01 per 100 pounds reached the third week in March, the weekly average at Chicago declined to $3.68 the second week in April, rose gradually during the remainder of that month and then advanced

sharply during the second week in May. The average price for April at Chicago was $3.77 compared with $3.83 in March and $3.85 in April last year. The price spread in recent weeks has been unusually narrow which is in marked contrast to the situation of a year earlier when heavy hogs sold at a considerable discount below lighter weights.

The rise in hog prices at this time of year, when declines are usually in progress because of a seasonal increase in marketings, may be attributed in large part to a change in the general economic situation during the last 2 months. Foreign currencies have risen in value in terms of United States dollars and this caused lard prices to advance in this country and has strengthened materially the speculative and storage demand for all hog products. Lard prices started upward in early March, held steady during the first half of April, and rose more than a cent a pound during the last 3 weeks. Current prices of lard are a cent a pound higher than a year ago. Prices of cured pork have advanced at Chicago but have remained about steady in New York. Prices of fresh pork on the other hand have been relatively weak.

Hog slaughter under Federal inspection during April was the third largest on record for the month. The total of 3,847,000 head was 3.6 percent larger than in April last year when there was one more slaughtering day, and exceeded the March total by 245,000 head. In 4 of the last 5 years, hog slaughter in April was larger than in March, but prior to 1929 April slaughter exceeded that of March only twice in 22 years. April also was the first month in the current marketing year to show an increase in slaughter supplies over the corresponding month a year earlier. The rise in corn prices in late April may have hastened the marketing of some hogs that otherwise would have been held for later sale.

Federally inspected slaughter from October to April, inclusive, was 8.6 percent smaller than that during the corresponding months a year earlier. This reduction was largely a reflection of the decrease in the 1932 spring pig crop. The reduction in numbers of spring pigs last year was relatively greater in the Western Corn Belt States than in other regions and this was reflected in a larger relative decrease in slaughter in those States than elsewhere during the period October through March. With the Western Corn Belt contributing a smaller than usual proportion of the hogs in the total slaughter supply, average live weights for the country as a whole were lighter in February and March than in those months in 1932. In recent weeks, however, slaughter in the Western Corn Belt has increased relatively more than slaughter in other sections and apparently has included a considerable number of old crop hogs as well as hogs from the 1932 fall pig crop, thus causing average weights for the entire country to be considerably heavier than those of a year earlier.

Advancing corn prices in late March and early April while hog prices were declining resulted in a marked reduction in the hog-corn price ratio. Based on farm prices, the ratio in the Corn Belt States in mid-April was 13.5 compared with 20.4 in March and 12.3 in April last year.

The weekly average wholesale prices of most cured pork products at New York fluctuated within a narrow range during April and early May. Prices at Chicago, however, made rather substantial gains during the last week in April. Lard prices rose sharply in April and the average of $7.12 per 100 pounds for refined lard at New York during the last week in that month was $1.00 per 100 pounds higher than that of a year earlier and was the highest

price reached since last November. Fresh pork prices on the other hand were relatively weak until the second week in May when they turned upward. The composite wholesale price of hog products at New York averaged $10.05 per 100 pounds in April, compared with $10.30 in March and $11.34 in April 1932.

Storage demand for pork products has strengthened considerably in recent weeks and stocks were increased during April, although they continue relatively small. Stocks of pork on May 1 amounting to 630,000,000 pounds, were 19,000,000 pounds larger than those of a month earlier, but they were 21 percent smaller than those of a year earlier and 26 percent smaller than the 5-year May 1 average. Lard stocks, totalling 72,000,000 pounds, were 35 percent smaller than those on May 1, 1932 and 48 percent smaller than the 5-year average for that date.

Exports of hog products during March were larger than those of a year earlier. For the first half of the current marketing year, lard exports were 2 percent larger than those of the corresponding period of the previous year, but pork exports were about 5 percent smaller. Exports of pork during March, amounting to 11,000,000 pounds were 30 percent larger than those in March 1932, but they were 55 percent smaller than the 5-year average for the month. Lard exports continued to decline during March and the total of 48,000,000 pounds was 28 percent smaller than the 5-year average, although 10 percent larger than in March of the previous year.

In view of the moderate increase in the 1932 fall pig crop, indicated by the December pig survey, hog slaughter during the 5 months May to September is expected to be slightly larger than in the corresponding period a year earlier. The present reduction in storage holdings of hog products from those of a year ago, however, is expected to more than offset any increase in slaughter. With the hog market developing such marked strength despite increased supplies, there is a good prospect that the demand for hogs this summer will be considerably improved over that of a year earlier.

CATTLE

Cattle prices tended to strengthen during April and at the end of the month the weekly average of nearly all classes and grades was somewhat higher than at the end of March. During the first week in May cattle prices made a further sharp advance which carried the weekly average of all grades of steers, except choice, to the highest level since the middle of last December. Butcher cattle prices also advanced to the highest level in some months. From the first of the year until the end of April the trend of prices for different grades of beef cattle has been fairly normal for the period, with choice cattle declining and the lower grades advancing. In most years, however, the prices of good steers tend to follow those of choice, but this year they tended to follow the lower grades. The average monthly prices of all grades of steers at Chicago in April were lower than in March by from 9 to 24 cents. The average price of all steers was $4.96 compared to $5.04 in March and $6.35 in April 1932. The farm price of beef cattle the middle of April was $3.54 compared to $3.42 in March and with $4.19 in April 1932. Prices of stocker and feeder cattle made a seasonal advance during April. The monthly average at Kansas City for all weights of steers in April of this year was $4.79 compared to $5.29 in April 1932, a difference of only 50 cents, while the average prices of different grades of beef steers at Chicago for April this year were from $1.20 to $2.00 lower than for April 1932.

Both market and slaughter supplies of cattle continued small during April. Receipts at seven leading markets were 4 percent smaller than in April last year and 18 percent smaller than the 5-year average. Inspected slaughter was 5 percent smaller than in April last year but only 5 percent below the 5-year average. Slaughter of calves was about the same as in April last year. Supplies of beef steers at Chicago were the smallest for April in the 12 years for which records are available, with choice steers above average both in numbers and in proportions, good steers below average in numbers but above average in proportions, medium steers much below average in both numbers and proportions and common steers above average in both numbers and proportions.

Supplies of slaughter cattle are expected to continue small during May and June although recent financial developments have caused changes in the cattle outlook for the next few months. The advance in cattle prices the first week in May reflected the general speculative advances in other markets rather than any improvement in the consumer demand for beef; in fact it took place in the face of generally weaker wholesale beef markets. Whether the advance can be maintained or continued depends upon whether dressed beef prices can be advanced. But this advance in the cattle market is apt to change somewhat the attitude of cattle feeders, giving them more confidence in the future of the market, and any temporary declines in prices may result in rather sharp curtailment of marketings. On the other hand, corn prices have advanced much more rapidly than have cattle prices and the increased cost of feed makes feeding more hazardous, especially where corn has to be bought. If corn continues relatively high, compared to what it has been since last fall, for some weeks this may result in heavier marketings of cattle than would otherwise have taken place. For the next 2 months rather wide fluctuations in both supplies and prices would seem not unlikely.

BUTTER

With the suspension of gold payments and inflation legislation, butter prices rose at a season of the year when prices usually decline. In April, for the first time since February 1929, butter prices were higher than in the corresponding month of the preceding year. With the rise in sterling exchange foreign prices in terms of our currency have risen, so that the margin between domestic and foreign prices is still less than the tariff rate. Both production and trade output of butter in March were less than a year earlier.

The price of 92-score butter at New York rose from 17.8 cents for the week ended April 1 to 22.3 cents for the week ended April 29, a rise of 4.5 cents at a period of the year when prices usually decline. The average price in April of 20.7 cents was the highest since December and 0.6 cents more than in April 1932.

The farm price of butterfat on April 15 of 16.5 cents was 9 percent more than on March 15. During the same period the farm price of feed grains rose about 30 percent. On April 15 the farm price of butterfat was lower in relation to farm prices of feed grains than a month earlier and the lowest since last August. Even with this change farm prices of butterfat are relatively high when compared with farm prices of corn and oats. On April 15, however, the farm price of butterfat was the lowest in comparison with wheat since May 1931. During the deflation of the last 3 years farm prices of dairy products declined less rapidly than farm prices of grain. In a period of generally rising prices, it is probable that farm prices of dairy products would not rise as rapidly as grain prices.

Butter production in March was 2.8 percent less than the record March production in 1932, but about the same as in March 1931. The increase in production from February to March of 9 percent was less than the average seasonal increase of about 14 percent. The North Atlantic and West North Central States were the only groups of states in which March production was larger than a year earlier. The declines in production compared with a year earlier were largest in the Southern and Pacific States.

Trade output of butter in March was 3.4 percent less than in March 1932. Retail prices of butter in March were 16 percent less than a year earlier. These changes indicate that consumer expenditures for butter were about 20 percent less than in the same month of 1932. This was about the same percentage decline as in the preceding 5 months.

On May 4 the price of 92-score butter at New York at 22.2 cents was 10.1 cents higher than the official Copenhagen quotation, and 9.7 cents higher than Australian butter in London, when prices are converted at the current rate of exchange. These margins are about the same as a month earlier, when the domestic price was 3 cents per pound less.

Milk production per cow on May 1 as reported by crop correspondents of 14.39 pounds was 1.8 percent less than a year earlier and about 9 percent less than 2 years earlier. The percentage of cows being milked was about the same as last year, and also about average for that date. Pastures on May 1 were unusually poor being the second lowest on record. In some areas reports indicated that pastures were late in getting started. Recent rains in some sections indicate the possibility of considerable improvement in pastures during May.

CHEESE

Cheese prices on the Wisconsin Cheese Exchange have risen about one-third in the past 8 weeks, when the usual seasonal movement of prices is downward. Apparently the suspension of gold payments and proposed inflation legislation have influenced the prices of the manufactured dairy products. Fluid milk prices react more slowly and will probably be the last to increase with a general rise in commodity prices. Cheese production continues larger than a year earlier but the movement into consumptive channels has been somewhat smaller. Imports and the out-of-storage movement have been relatively light.

The ruling price of cheese (twins) on the Wisconsin Cheese Exchange on April 28 was 10.8 cents per pound compared with the low of 8.0 cents in early March. The average price in April of 9.5 cents was 1.2 cents more than in March and 0.4 cents more than in April 1932. The price relative for cheese (adjusted for seasonal variation 1910-1914 = 100) rose from 59 in March to 73 in April.

Cheese production in March of 34,100,000 pounds was 5.5 percent larger than a year earlier. For the first 3 months of 1933 production has exceeded the preceding year by 7.2 percent. The increase in production on a percentage basis has been largest in the North Atlantic States where there has been a relatively large volume of surplus milk. Wisconsin production has also been larger than a year ago.

In contrast with the 3.5 percent increase in production, the movement of cheese into consumptive channels in March was 1.5 percent less than in March 1932. Imports and the out-of-storage movement have been light and tended to offset the increase in production.

Retail prices of cheese in March were 12 percent lower than in the corresponding month of the preceding year. Based on retail prices and trade output it is estimated that retail expenditures for cheese in March were about 14 percent less than a year earlier. This is a slower rate of decline than during 1932.

Imports of cheese in March of 2,900,000 pounds were 40 percent less than a year earlier, whereas for the first quarter of 1933 imports were about 20 percent less. Total imports of cheese for the year 1932 were the smallest since 1922.

EGGS

The market price of eggs rose during April along with the general rise in commodity prices. Receipts of eggs are moderate and consumption is still at a very low level. Storage stocks are nearly as large as in 1930 and 1931. In those years prices were kept relatively high during the spring, accompanied by decreased consumption and the accumulation of heavy storage stocks. These were followed by very low prices the following fall and winter. Prices of special packed midwestern eggs at New York averaged 16.1 cents a dozen in April compared with 15.6 cents in March and 16.7 cents in April 1932. The price of firsts averaged 13.7 cents in April, the same as a month earlier. Farm prices rose slightly, from 10.1 cents on March 15 to 10.3 on April 15. Compared with the 1910-1914 average for corresponding months the relative price declined from 92 percent on December 15 to 52 percent on March 15 and then rose to 62 percent on April 15.

Receipts at the four markets during April were 2,205,000 cases compared with 1,842,000 cases a year ago and a 5-year average of 2,317,000 cases. Receipts during the period January-April have amounted to 12 percent more than for the same months of last year, but 6 percent less than the 5-year average for those months.

Data from crop reporters indicate that on April 1 there were 5 percent more hens on hand than a year before and that production per hen was slightly greater. Commercial hatcheries show a reduction of 10 percent in numbers of salable chicks hatched from January to March compared with a year earlier and 1 percent reduction in deliveries ordered for April or later. Last month corresponding reductions were 17 percent and 9 percent respectively. This, together with an increase in the numbers of roosters retained, points toward the possibility of relatively heavier hatchings later this season.

Cold storage stocks of case eggs on May 1 were 4,848,000 cases compared with 2,982,000 cases a year ago and a 5-year average of 4,475,000 cases. May 1 stocks in 1930 and 1931 averaged about 5,500,000 cases. The quantity of eggs stored, as indicated by the August 1 storage holdings, is of primary influence in determining fall and winter prices. In August 1932 holdings were 6,431,000 cases and prices were relatively high. In the 2 preceding years August 1 stocks were about 10,000,000 cases and subsequent prices were relatively low.

CHICKENS

The farm price of chickens rose to 9.8 cents a pound on April 15 compared with 9.1 cents a month before and 12.6 a year before. Compared with the 1910-1914 average for corresponding months the relative farm price declined from 101 percent on August 15, 1932 to 80 on March 15, and then rose to 83 percent on April 15.

Receipts of dressed poultry at the four markets during April were the heaviest on record for the month, 18,400,000 pounds, compared with 15,000,000 pounds a year before and a 5-year average of 16,400,000 pounds. This relative increase in receipts represents, in part, last year's pullets which were hatched rather late compared with other years. While farm flocks are being reduced to some extent now, farm hatching is likely to be heavy. Orders from commercial hatcheries for delivery in April or later are but 1 percent less than for a year ago.

Cold storage holdings of frozen poultry on May 1 were 45,900,000 pounds compared with 56,700,000 pounds a year ago and a 5-year average of 57,900,000 pounds.

LAMBS

Prices of fed lambs advanced rather steadily during April and the first week in May from the low level of early April. This advance carried prices back to a point equal to the highest reached since early February. From early April to early May fed-wooled lambs at Chicago advanced 50 to 75 cents, to a top at $6.25, with a similar advance on shorn lambs. On the other hand, prices of new crop spring lambs declined during the period as the supply increased, and especially after Easter. Early in May prices of both fed and spring lambs were about 50 cents lower than at the corresponding date in 1932. The demand for feeding lambs was fairly strong during April, and early in May thin California lambs at Omaha were selling to feeders for only 60 to 70 cents below the top on slaughter lambs from the same State.

Slaughter of sheep and lambs in April of 1,409,000 head continued fairly large, being only 6 percent below the record April slaughter of last year but 10 percent above the 5-year average. Receipts at seven leading markets were 11 percent below last year and 9 percent below the 5-year average. Supplies of fed lambs, both wooled and shorn, were relatively large. Shipments from the Colorado-Scottsbluff areas being about as large as in April last year and there was a rather heavy movement of early lambs from the native sheep states. Receipts of California lambs at middle-western markets were much smaller than last year and marketings of lambs and sheep from Texas were much smaller than in April of last year or 2 years ago.

Supplies during May and June are expected to be smaller than last year with fair prospects that the last of the fed lambs from the 1932 crop may realize the highest prices for the fed lamb season. Prices of spring lambs, also, may strengthen during these months.

WOOL

Wool prices have advanced sharply on the Boston market since mid- April under the stimulus of changing monetary policies, increased buying activity, and low spot supplies. Prices advanced more rapidly in the West than in Boston.

Plans for orderly marketing of the wool under sheep loans from governmental agencies have also influenced the wool market.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool on the Boston market were 56-58 cents a pound, scoured basis, for the week ended May 6 compared with 45-46 cents for the week of April 8. Territory 3/8 blood (56s) scoured basis, was 48-50 cents a pound May 6 compared with 39-40 cents the first week of April. Quotations on Ohio and similar grease wools ranged from 16 to 24 cents a pound at Boston the first week of May. Prices received by growers averaged 10.1 cents per pound for the United States on April 15, compared with 8.9 cents in March and 11 cents in April 1932. Most of the rise in prices at Boston, however, has come since April 15.

At the London sales which opened May 9 prices of most wools were 5 to 7½ percent above the closing prices of the March sales. Prices at sales in Southern Hemisphere markets in April and early May were very firm and increases were reported on some wools.

The unsettled financial and industrial conditions in the United States in March were reflected in a decline of 29 percent in the reported consumption of combing and clothing wool for that month compared with the February consumption. Reported consumption in March was only 21,521,000 pounds (grease equivalent) and for the first time since October 1932 consumption was smaller than in the corresponding month of the previous year. Consumption reported in the first quarter of 1933 was 3 percent larger than in the first quarter of 1932, when the drastic curtailment in operations of the first half of 1932 was becoming evident. The usual seasonal trend in consumption is downward in April, but the greatly curtailed activity in March and the favorable developments of the latter half of April make it probable that consumption and machinery activity in April and early May this year did not follow the usual trend.

Receipts of domestic wool at Boston in the first 4 months of 1933 were 26,950,000 pounds compared with 19,221,000 pounds received in the first 4 months of 1932. Shipments of new clip wool do not reach the Boston market in any considerable quantity before May. Receipts then increase rapidly. The peak of the movement generally comes in July. Imports of combing and clothing wool are negligible at the present time. Imports into Boston, New York and Philadelphia for the first 4 months of 1933 were only 2,300,000 pounds compared with 8,100,000 pounds imported in the same months of 1932.

The declining tendency in trade and manufacturing activity which had prevailed in the wool centers of continental Europe since the first of the year was definitely checked, at least for a time, in March. An increase in activity was reported in the German industry early in April. The demand for semi-manufactures improved in England during April, manufacturing activity increased and prices were advanced slightly.

The selling season in Southern Hemisphere markets is drawing to a strong and early close. On April 1, 1933 apparent supplies a/ in the five b/ primary markets of the Southern Hemisphere were estimated to be 16 percent below those held on the same date a year ago and were also below supplies

a/ Carry-over plus estimated production minus exports. No deduction made for small quantities consumed locally or for quantities sold but not yet exported. b/ Australia, New Zealand, Union of South Africa, Argentina and Uruguay.

on the same date of the 3 preceding years. Supplies were smaller than those of last year in all countries despite a heavy carry-over of coarse crossbred wool in New Zealand. Exports from the same five countries during the first 9 months of the season to April 1 amounted to 1,537,000,000 pounds, an increase of 20 percent above the same period last year.

COTTON

From April 18, the day before the United States suspended gold payments, to May 12 cotton prices in domestic markets advanced 2-1/8 cents per pound or $10.60 per bale. From early April to May 12 the advance in domestic markets was about 2½ cents per pound. The average price of middling 7/8 inch in the ten designated markets on May 12 was 8.79 cents per pound, only 0.05 cents per pound below the high point for the season, reached on August 29. On May 12 last year the price in the ten markets averaged 5.36 cents, which was about $17 a bale less than on May 12 this year. The low point of this season was made on December 5 when the ten-market average was 5.45 cents per pound. While the price of American middling in domestic markets advanced about 25 to 30 percent from the first half of April to the first half of May, American middling in Liverpool in British currency advanced only about 10 to 12 percent.

With the advancing prices of raw cotton and other commodities in recent weeks there has been a substantial increase in textile sales, domestic sales of raw cotton, forwarding of cotton to domestic mills, and exports to foreign countries. Domestic mill activity also increased during the last half of April and is said to have continued at an increased rate into May. Total United States consumption in April, however, amounted to 471,000 running bales compared with 494,000 bales in March, 366,000 bales in April 1932, and 509,000 bales in April 1931. The decrease as compared with March was due to the fewer number of working days in April. During the first part of April exports were at a very low level but increased materially after the United States suspended gold payments and have since been above a year earlier, but for the month of April exports totaled only 436,000 running bales compared with 545,000 bales in April last year and 392,000 bales in April 1931. For the first three quarters of the season total domestic consumption amounted to 4,218,000 running bales or an increase of about 286,000 bales over the like period of last season while exports for the 9 months were about 876,000 bales less than a year earlier. However, consumption of American cotton in foreign countries has apparently been running above last season, the decreased exports being due to smaller takings by Japan and China where stocks of American have been utilized in maintaining the large consumption which has taken place.

The domestic crop has made about normal progress in the eastern portion of the belt so far this season according to weekly reports of the Weather Bureau. In the central portion of the belt, however, the soil has been too wet for satisfactory planting and development. In Texas, conditions have been somewhat too wet in the eastern part while in other sections, particularly the western portion the rainfall has been below normal and considerably below years in which yields have been good. Fertilizer tag sales during April in the cotton states were considerably above those in April last year though most of the increase was in North Carolina, South Carolina and Georgia where tobacco plantings are important. However, large percentage increases compared with April last year took place in Alabama, Arkansas, and Louisiana. For the eight states sales in April were about 30 percent above April last year and for the 5 months ended April the increase in these states was 24 percent.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory pay-rolls	Factory employment	Commodity prices: United States: Prices paid farmers	United States: Wholesale 3/		Foreign 4/: In currency	Foreign 4/: In gold	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/			2/	1910-1914 = 100	1926=100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	73	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	93	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.				53					2.60	65

1/ Federal Reserve Board Indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914= 100.
3/ Bureau of Labor Statistics Index.
4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones Index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, JUNE, 1933

FARM PRICES

The general level of prices received by farmers has been fairly steady the last month. The average is now perhaps a little higher than in mid-May and about 25 percent higher than the low point in February. Prices of grains, cattle, hogs and butterfat are about the same as a month ago; cotton prices are higher whereas prices of a few farm products are a little lower.

Farm prices advanced 17 percent from April to May, and 27 percent from February to May. The index of farm prices in May was 62 percent of the 1910-1914 average compared with 53 in April, 49 at the low point in February and 56 in May, 1932.

In the past 2 months farm prices of grains rose 72 percent and farm prices of cotton and cottonseed 35 percent. At this season of the year, however, marketings of these products by farmers are relatively small, so that the rise in prices has not greatly affected the current cash income of farmers who produce these products. In the past 2 months, however, the farm price of meat animals rose 16 percent, butterfat 34 percent and wool 99 percent. The prices of these products rose when the seasonal trend of prices is usually downward. The rise in prices and the seasonal increase in marketings have resulted in a marked increase in returns to producers.

The average of prices paid by farmers for commodities bought on May 15 was probably about 100 percent of the pre-war average, the same as a month earlier. Thus the 17 percent increase in farm prices from April 15 to May 15 represented a corresponding increase in the exchange value of farm products to 62 percent of the pre-war average.

WHOLESALE COMMODITY PRICES

The Annalist index of wholesale prices of all commodities rose from the low point of 80 (1913=100) in the last week in February to 93 for the first week in June, an advance of about 17 percent. When converted to a gold basis the Annalist index is now a little lower than in late February. Prices of the principal farm products exported from the United States on a gold basis have increased, that is, the rise in the prices of these products has been greater than the depreciation in the dollar. The Annalist index of prices of farm products rose 35 percent from the low point in late January to the first week in June, to 82 percent of the 1913 average.

Since the embargo on gold exports on April 18 the dollar has been at a marked discount in terms of gold currencies, and has also depreciated in terms of the pound sterling. During May the depreciation in the dollar, in terms of French francs, averaged about 15 percent. In early June there was further depreciation in the dollar and on June 8 the discount was nearly 19 percent. The pound sterling rose from $3.45 on April 17 to $4.13 on June 10.

The Bureau of Labor Statistics index of wholesale prices of all commodities increased each week for the last 8 weeks to 93 percent of the 1910-1914 average for the week ended June 3; an advance of 7 percent from the low point of 3 months previous. This rise in the all commodity index is largely the result of the rise in prices of farm products,(32 percent), foods, hides and leather, and textiles, in the order enumerated. Prices of nonagricultural products (the eight groups other than farm products and foods) have changed very little since the latter part of March.

The index of wholesale prices (adjusted to exchange rates) in eight foreign countries which take about 75 percent of our agricultural exports, rose to 55.2 percent of the 1926 average in April, compared with 53.5 in March and 60.3 in April 1932. This rise in prices was in marked contrast to the general downward trend since 1929.

From 1929 through the first quarter of 1933, the declines in wholesale prices in the United States, Germany, France, and Italy were quite similar. When England suspended gold payments in September 1931 the downward trend of commodity prices in that country was checked, and the general price level has not varied greatly since. Crump's index of wholesale prices for the last week of May at 62.1 was approximately the same as when England went off the gold standard, and about 3 percent higher than in March 1933 the low point since England suspended gold payments.

In Japan the wholesale price level rose sharply from June 1932 to January 1933. This rise in prices in Japan was in marked contrast to the downward trend in prices in countries on the gold standard. The rise in the general price level in Japan accompanied the rapid depreciation in the yen. With the rise in prices and military activity there was a marked increase in industrial production.

BUSINESS CONDITIONS

The general improvement in business activity which got under way after the banking holiday continued through May and the first half of June. Many lines of production and trade are now above the levels of a year ago and some industries are operating at the highest levels since 1930. A large part of the increase in activity has been the result of restocking depleted inventories although retail sales have shown considerable improvement. Increases in employment and payrolls so far have been moderate, indicating that a part of the increase in activity and consumer buying has been in anticipation of advancing prices rather than to increases in the purchasing power of consumers.

The Federal Reserve Board's monthly index of industrial production for April was 67 compared with 60 in March and 63 in April 1932. While the New York Times weekly index of business activity is composed of a different series of business statistics than the Federal Reserve Board's index, the advance of this index from an average of 68.4 for April to an average of 76.7 for the first 4 weeks of May is indicative of the further improvement in business activity during May. The uptrend in the production of steel, automobiles and textiles has continued and increased activity has occurred in many other lines. Building activity, which showed only a moderate increase during April, improved sharply in May, with all types of construction showing a marked improvement over that in April. However, building activity still

continues at a low level and in May was only about half as much as in May a year ago. Electric power production also continues to increase. Car loadings in May, while larger than a year ago, have barely maintained the improvement made during April.

Both employment and payrolls showed a moderate increase during April and indications are that further improvement occurred during May. According to reports of the American Federation of Labor, May employment increased in the building and metal trades but decreased slightly in the printing trade. Full time employment increased from 44 percent in March to 46 percent in April and 47 percent in May. In addition to some increase in employment there have been some advances in wage rates particularly in the automobile and textile industries.

The financial situation has also shown further improvement since mid-May. The Federal Reserve banks have reentered the market for Government securities to further increase the reserves of member banks and thus encourage loans. "Money in circulation" has continued to decline, and gold holdings of the Federal Reserve banks have increased. The Federal Reserve bank of New York reduced its rediscount rate from 3 percent to $2\frac{1}{2}$ percent and rediscount rates have been lowered by some of the other reserve banks. Money rates in the principal money markets have eased further. The increased acceleration in the reopening of banks which failed to open on an unrestricted basis after the banking holiday is bringing about more normal credit facilities in many areas.

WHEAT

Except for a temporary slump about the third week of May the wheat price levels reached early in May have been well maintained and new high levels were reached in early June, July futures rising to a close of $76\frac{3}{4}$ cents on the 10th. The fluctuations were partly associated with changes in the foreign exchange value of the dollar which declined to new low levels during early June. Hot weather in Kansas and other parts of the hard winter Wheat Belt since June 1 has also been a factor, indicating as it does that the outturn may be lower than indicated by June 1 conditions.

The United States average farm price as of May 15 was 59.0 cents per bushel compared with 44.8 in April and 42.4 cents for May of last year. This is the highest farm price which has been reached in any month since May 1932, when the United States average was 59.9 cents per bushel. Market prices also averaged much higher in May than in April, No. 2 Hard Winter at Kansas City averaging 70.0 cents compared with 60.4 cents in April and No. 1 Dark Northern Spring averaging 75.7 cents which was 10 cents per bushel higher than in April.

During May and early June wheat prices in the United States have followed quite closely the course of sterling exchange. Thus, when the value of the pound sterling rose as a result of the decline in the value of the dollar, wheat prices in the United States also rose. The strength of the dollar during the third week of May and the consequent decline in sterling exchange was marked as was also the decline of wheat prices at that time. Since May 21 there has been a rapid rise of the dollar value of sterling exchange, as well as a marked rise in wheat prices which resulted in carrying

the pound sterling from $3.87 on May 20 up to $4.12 on June 10, and Chicago July futures from 68 cents on May 22 to 77 cents on June 10.

During May there was relatively little change in crop prospects in the United States. Conditions reported to the Crop Reporting Board indicated a winter wheat crop of 341,000,000 bushels, compared with 337,000,000 indicated by May 1 conditions. Since June 1 there has been hot weather in Kansas and other parts of the winter Wheat Belt which may result in lower yields than those indicated by June 1 conditions. Spring wheat continues to be in fairly good condition and was placed at 84.9 percent of normal as of June 1. This is slightly higher than the June 1 condition of last year, but below the 10-year average of 85.8 percent. The final outturn of spring wheat is dependent to a considerable extent upon weather conditions after June 1.

Wheat crop conditions in foreign countries are generally fairly good. In Canada the season is late, but germination has been favored by an ample moisture supply, and in spite of some indications of smaller seedings, conditions to date indicate a crop somewhat larger than that of 1932. In Europe the fall sown grains generally came through the winter in good condition and abandonment was small in most countries. The countries of the lower Danube Basin are expected to have a larger harvest than that of last year, but yields in southern and western Europe will probably not equal the high yields of 1932. The acreage in Europe now appears likely to be about 1,000,000 larger than last year, 17 countries having reported a total of 67,252,000 acres, compared with 66,257,000 in 1932. In Russia, total area sown to all spring grains is larger than last year. Wheat crop conditions in late May were reported to be about average or above in the principal grain regions. By and large, it appears that wheat production for the world as a whole will be about average except for the short crop of winter wheat in the United States.

CORN

Corn prices have shown little change since mid-May, except for a temporary recession during the third week of that month. Since mid-May, the closing levels of July futures at Chicago have been as high as 47¼ cents and as low as 43-7/8 cents. While the crop as a whole was planted very late, recent weather has been unseasonably warm so that a better growth has been made than might otherwise have been expected.

The United States average farm price as of May 15 was 38.9 cents per bushel compared with 28.2 cents a month earlier, 20.6 as of mid-March and 30.1 cents for May, 1932. This May price of 38.9 cents was the highest level which has been reached since September, 1931.

Prices at the principal markets were also much higher during May than in April. At Chicago, No. 3 Yellow averaged 42.2 cents in May compared with 34.5 cents during April. For the week ended May 6, No. 3 Yellow averaged 38.8 cents per bushel, then rose to 43.5 and 43.7 cents respectively in the 2 following weeks. There then followed a slight recession, however, and for each of the weeks ended May 27 and June 3 the average was 42.8 cents per bushel. The rise of prices during early May was apparently largely due to the late planting of the new crop. In the generally higher prices now prevailing, however, the improved industrial demand for corn, higher livestock prices, and the improvement in the general financial situation have been important factors.

During May wet process grindings amounted to 8,862,000 bushels, the highest grind for May which has ever been reported. It compares with

7,117,000 in April and 5,830,000 in March. In May of 1932 wet process grindings amounted to 4,920,000 and for the past 5 years they have averaged 6,076,000 bushels. The highest previous May figure was 6,921,000 in 1928, whereas the highest grindings on record for any single month were in March, 1928, when they amounted to 9,244,000 bushels. Receipts at 14 markets were also high, amounting to 26,164,000 bushels compared with 6,458,000 in May, 1932, and an average for the past 5 years of 13,729,000 during that month. Total receipts from November to May for the current crop year have amounted to 108,807,000 bushels compared with 74,216,000 during the corresponding period of last year and an average for the corresponding period of the past 5 years of 157,965,000 bushels.

With a greatly improved industrial demand, corn stocks at first declined to 31,794,000 bushels on May 6, but with a rise in price and increased receipts, stocks have increased somewhat amounting on June 10 to 42,527,000 bushels compared with 19,733,000 a year earlier.

Supplies of old corn are plentiful, but the future trend of prices will also depend very largely upon the financial situation and the development of the new crop. Increased receipts during May indicate a willingness of many farmers to sell at current price levels in spite of late plantings. Improved crop conditions would tend to increase their willingness to sell, while continuation of unfavorable conditions would probably tend to reduce the movement from the country.

POTATOES

Prices of both old and new potatoes in central markets strengthened slightly during the last week of May and the first week of June. Shifting sources and a decrease of supplies and a slight increase in demand were the main factors contributing to the rise in prices. Shipments of old stock declined from 2,800 to less than 1,500 cars per week during the 3 weeks ended June 3, while those of new stock increased from about 2,000 to 2,800 cars per week. In the first week of June, Maine was the only late state that was shipping old potatoes in volume, although Michigan, Wisconsin, and Idaho are still moving from 100 to 300 cars per week. Shipments of new potatoes from Florida have ceased and those from Alabama, Mississippi, Louisiana, Texas, Georgia, and South Carolina are on the wane. On the other hand, shipments from North Carolina, Virginia, California, Arkansas, and Oklahoma are just getting well started.

Old potato prices at New York advanced from 99 cents to $1.02 per 100 pounds during May but were still about 14 cents below those of 2 months ago. A year ago they averaged 94 cents per 100 pounds. At Chicago old stock potato prices made a new high for the 1932 late season at 96 cents per 100 pounds during the first week of June. This is 26 cents above the average of a month ago and 4 cents above a year ago. Prices of new potatoes at both markets fluctuated widely, during May as the varieties and source of supplies shifted. The first week of June averages of $1.90 per 100 pounds at New York and $2.25 per 100 pounds at Chicago were slightly below those of a month earlier.

Shipping point prices have tended to strengthen during the first week of June. Last reports from western New York, ranged from 63 to 66 cents per 100 pounds of sacked round whites. In Maine, f.o.b. prices of Green Mountains ranged from 36 to 42 cents per 100 pounds during May but rose to 60 cents during

the first week of June. Wisconsin round whites rose steadily from 48 cents per 100 pounds sack during the middle of May to 85 cents per 100 pound sack during the first week of June.

Florida shipping point market closed strong at about $3.00 per barrel during the second week of May. F.o.b. prices for the shipping season for this section averaged $2.92 per barrel this year compared with $4.40 per barrel last year. In Louisiana, the market closed at $1.12½ per 100 pounds or near the season's average of $1.13. Last season's average was $1.82 per 100 pounds. F.o.b. prices in southern Alabama rose sharply from $1.00 to $1.75 per 100 pounds at the close of the market during the last week of May. This season's average was $1.18 per 100 pounds compared with $1.39 last year. The South Carolina shipping season is also finishing up and this season's prices averaged only $2.25 per barrel compared with $3.22 per barrel last year. At Washington, North Carolina, the new season opened at $2.75 per barrel.

Mid-May United States farm prices of all potatoes averaged 43.7 cents per bushel compared with 42.4 cents a month earlier, 47.0 cents for May 1932, and 69.5 cents, the May average 1910-1914.

Recent reports indicate that the production of potatoes in the second early states is 4,986,000 bushels or slightly smaller than in 1932. For the Intermediate States the acreage planted is estimated at only 117,000 acres this year compared with 130,000 acres last year. With average yields production in these states may be expected t total 18,100,000 bushels this season compared with 19,000,000 bushels in 1932.

RICE

Rice prices advanced sharply during May and the first few days of June. At New Orleans fancy blue rose averaged $2.66 per 100 pounds for May compared with $2.22 for April. The May 1932 average was $2.12½ per 100 pounds. At San Francisco fancy California-Japan averaged $3.12 per 100 pounds for May compared with $2.48 for April and $2.33 for May 1932. Brewers rice was selling at $2.20 per 100 pounds in the Southern Belt on June 5. Prices have continued to advance because of relatively short supplies, relief legislation and prospects for general improvement in the price level.

Southern Belt

Stocks of both rough and milled rice in millers hands on June 1, was equal to 1,649,551 barrels compared with 1,822,000 a year earlier. Trade reports indicate about 200,000 barrels on farms as of June 1. Stocks of brewers rice are very small. Sales during April and May were considerably larger than mill production. Shipments from mills during the first 10 months of the current-crop year totaled 870,500,000 pounds compared with 853,200,000 for the corresponding period last year. It seems likely that the carry-over will be smaller on August 1 than a year earlier. Exports from southern ports during May totaled 21,516,000 pounds compared with 26,724,000 pounds exported during May 1932. Exports this crop year to June 1 totaled about 119,532,000 pounds compared with 184,000,000 for the corresponding period last year. Shipments to Puerto Rico from Southern States during the first 10 months, however, were about 15,000,000 pounds larger than last year. Sales in continental United States during May were much larger than for May 1932.

California

Exports of California rice for the crop year to June 1 were about the same as the 4,000,000 pounds exported during the corresponding period in 1931-32. Shipments to Hawaii to June 1 totaled 72,563,000 pounds compared with 70,883,000 for the corresponding period last year. Shipments to Puerto Rico also have been larger this year. It seems likely that the California carry-over will be smaller than last year and may be as low as the average of the last 5 years.

HOGS

The upswing in hog prices which started in late April was checked near the end of the third week in May after the top price at Chicago had reached $5.45, which was within 10 cents of the 1932 top price at that market reached last July. Prices then slowly receded and on June 10 the Chicago top was down to $4.60. The price advance in May was a reflection of the unusually strong speculative and storage demand for hog products that developed as a result of the suspension of gold payments in this country in April and the improvement in industrial conditions which has taken place this spring. Slaughter supplies in May in number of head were the second largest on record for the month and in total weight were probably the largest. Marketings continued well above those of the corresponding period of the previous year during the first half of June, and June slaughter is expected to be considerably larger than that of June 1932 which was much below average for the month.

The average price of hogs for May at Chicago was $4.51, compared with $3.71 in April and $3.34 in May last year. All weights except light lights sold within an unusually narrow price range during the month. This was in marked contrast to a year earlier when heavy hogs sold at a marked discount below lightweights. The sharp advance in lard prices this spring and the strong speculative demand for hog products probably accounted for the hog price spread being so narrow, since average weights of hogs this spring were somewhat heavier than those of a year earlier.

Hog slaughter under Federal inspection during May totaled 4,286,000 head, or 8.8 percent more than in May last year when there was one less slaughtering day, and it exceeded the April slaughter by 440,000 head. The large increase in the May slaughter was largely a reflection of the marked increase in the 1932 fall pig crop in the Eastern and Southern Corn Belt. States in that area showed increases of 10 to 21 percent in the number of pigs saved last fall over the fall of 1931. Fall pigs produced in those states are usually marketed in largest numbers from late April to early June.

Notwithstanding the improvement in hog prices this spring, the rise in corn prices was relatively greater, consequently the hog-corn price ratio has become less favorable. The ratio in the Corn Belt States in mid-May was 11.7 compared with 13.5 a month earlier and 10.4 a year earlier.

Wholesale prices of cured pork advanced steadily during May and by the first week in June they were at the highest levels since last September. Prices at New York, however, have improved relatively less than those at Chicago. Although prices of fresh pork made some advance during May, the averages during the first week in June were still considerably below those in early March. Lard prices made a further sharp advance in May and the

average of $8.12 per 100 pounds at New York the week ended June 3 was $1.00 higher than that of a month earlier and $2.12 higher than that of a year earlier. On the average, the rise in hog product prices this spring was relatively less than the advance in hog prices. The composite wholesale price of hog products at New York averaged $10.56 per 100 pounds in May, or the same as in May last year and exceeded that of April this year by 51 cents.

Storage demand for hog products was strong during May and accumulations especially of lard and dry salt meats were relatively large for the month. Pork stocks are usually reduced during May, but this year they were increased by 38,000,000 pounds to bring the total on June 1 to 668,000,000 pounds. This total, however, was still 128,000,000 pounds, or 16 percent smaller, than that of a year earlier and 150,000,000 pounds smaller than the 5-year June 1 average. On November 1 at the beginning of the current storage season pork stocks were 53,000,000 pounds larger than those of a year earlier but by March 1 they were 203,000,000 pounds smaller than those on the corresponding date in 1932. Lard stocks totalling 110,000,000 pounds on June 1 were 38,000,000 pounds, larger than on May 1 but they were 14 percent smaller than those on June 1, 1932 and 23 percent smaller than the 5-year June 1 average.

Exports of American hog products during April were smaller than in March but they were larger than those in April 1932 despite import restrictions maintained by some importing countries. Effective May 16, Germany increased the import duty on lard about 50 percent, thus making the duty at current rates of exchange equal to about 9-1/2 cents per pound. Exports of pork in April, amounting to 12,000,000 pounds were 23 percent larger than those in April 1932, but they were 46 percent smaller than the 5-year average for April. Lard exports totaling 39,000,000 pounds were 22 percent smaller than the 5-year April average but they were 7 percent larger than in April 1932. Ordinarily the decline in the foreign exchange value of the dollar would be expected to increase the export demand for American lard, but the advance in domestic lard prices has been relatively greater than the decline in the value of the dollar in terms of foreign currency and lard exports continue small. Exports of hog products from the principal ports of the United States during May, however, were somewhat larger than those in April.

Hog slaughter during late June and early July last year was unusually small because of holding back of shipments by producers on account of the low level of hog prices in early June. Marketings from late July to early October however, were unusually large. The distribution of supplies from mid-June to October this year is expected to be greatly different from that of the corresponding period last year. Supplies to the middle of July are expected to be considerably larger than those of a year earlier but from mid-July to early October they will be smaller. The 1932 fall pig crop in the states which usually contribute the largest proportion of the market supply of hogs during the summer months was very much smaller than the unusually large fall crop produced in those states in 1931. Present indications point to a considerably stronger demand for hog products during the remainder of the current marketing year than that of the corresponding period last year.

CATTLE

Cattle prices advanced rather sharply during May and for the week ended June 3, the weekly average prices of the different grades of beef steers at

Chicago were the highest since last December. This advance in May, following the gradual strengthening during most of April, brought prices to a substantially higher level than at the low point of the year reached early in April. From the low point in early April to June 3, the weekly average price of choice steers advanced $1.32 per hundredweight. The increases in prices for the other grades of steers were: good steers, $1.28; medium, $1.07; and common $0.89.

The average price of all beef steers for the week ended June 3 of $6.10 was a little higher than the weekly average of $5.82 reached the second week in May 1932, which was the lowest average reached during the first half of 1932. However, the prices of all grades except common, were lower this year than last, but the proportions of better grades were larger this year. The monthly average price of beef steers at Chicago in May was $5.64, compared with $4.96 in April, and $6.04 in May 1932. The farm price of beef cattle on May 15 was $3.35 compared with $3.54 April 15 and $3.91 on May 15, 1932, and the May 1910-1914 average of $5.50.

The prices of other kinds of slaughter cattle advanced during May and at the end of the month were at about the same levels as a year earlier. Stocker and feeder steer prices also advanced and the average prices at Chicago and Kansas City the last week of May were $0.54 and $0.72, respectively, above the corresponding week of 1932 and the monthly averages for May this year were somewhat higher than in May 1932.

Supplies of cattle in May this year were fairly large, especially when compared with the very short supplies of May a year ago. Receipts at seven leading markets were 16 percent larger than in May 1932, and 4 percent larger than the 5-year May average. Inspected slaughter was 16 percent larger than in May 1932, and 5 percent larger than the 5-year May average. Inspected slaughter of calves was 19 percent larger than last year, 11 percent larger than the 5-year average, and the second largest for the month on record. Although supplies of all cattle at Chicago in May this year were over 7 percent larger than a year earlier, supplies of beef steers were 12 percent smaller. The number of choice steers was smaller than in May last year, this being the first month since last September when numbers were below those of the corresponding month a year ago. The number was the third smallest in 12 years. With the improved prices for beef steers, the demand for stocker and feeder cattle also improved. Shipments into the seven leading feeding states from 12 markets in May this year were 50 percent larger than the small shipments in May 1932, but were still small compared with May shipments in 1930 and earlier years.

The increase in prices of cattle during May apparently reflected increases in prices of hides and other by-products rather than advancing wholesale and retail prices of beef. From early April, when beef steer prices reached their lowest level of the year, to the week ended June 3, the weekly average wholesale prices of both good and choice beef at New York only advanced about $0.70 and the reported retail prices of different good beef cuts between April 1 and June 1 in New York advanced only 1 cent a pound on some cuts with no change on others and compared with June 1, 1932 prices of all retail cuts were substantially lower (from 1 to 8 cents a pound) and wholesale prices of good and choice beef were from $1.00 to $1.50 lower.

The trend of cattle prices during the next 2 months will depend largely upon developments in the wholesale beef market. The fact that the relatively large supply of beef in May (large relative to preceding months of this year and to the corresponding month in recent years) could be disposed of at some increase in prices, points to improvement in the outlet for beef. Supplies of cattle during June are not expected to be relatively as large as in May, although the trend of prices may affect the supply considerably. The level of prices the latter part of May seemed to be such as to cause liberal marketings, with most of the fed cattle showing good feeding margins and feeders apparently in a mind to ship rather than to hold for higher prices. Prices of low grade cows also advanced enough to attract considerably heavier supplies. Any considerable recession in prices, however, may be expected to reduce marketings rather promptly.

BUTTER

With the depreciation in the dollar and rise in basic commodity prices, butter prices rose instead of making the usual seasonal decline. Butter prices in London in terms of American currency have increased, so that the margin between domestic and foreign prices is still less than the tariff rate. Butter production in April was less than a year earlier, and with pastures being late, the seasonal increase in production has been small. The movement of butter into-storage in May was the largest for May since 1930.

The price of 92-score butter at New York in May averaged 22.5 cents, 4.3 cents more than in April and the highest since last December. The May price was 3.7 cents more than a year earlier. The farm price of butterfat on May 15 of 20.2 cents was 5.1 cents or 34 percent more than on March 15. During the same period, however, the farm price of feed grains rose 76 percent. Wholesale prices of by-product feeds have increased 50 percent since December. With feed grains increasing more in price than butterfat, it is probable that the increase in butterfat prices may not greatly stimulate production. Even though there has been a marked rise in butterfat prices in the last 2 months, the price in May was only 84 percent of the 1910-1914 average for May.

Production of creamery butter in April of 133,700,000 pounds was 4.5 percent less than 1 year earlier, and 8 percent less than in April 1931, but about the same as in 1929 and 1930. April production exceeded March by only 5.5 percent, as compared with the average seasonal increase of about 11 percent.

In each group of states except the New England, April production was less than a year earlier. The largest percentage decreases of 14.4 and 9.7 percent occurred in the Pacific and Middle Atlantic States, respectively.

Milk production per cow on June 1 (as reported by crop correspondents) of 16.57 pounds was 2.5 percent less than a year earlier, and the second lowest on record for that date. There was a marked improvement in dairy pastures during May and the increase in production per cow from May 1 to June 1 was about average. The condition of pastures on June 1 at 82.5 percent of normal was the highest for June 1 since 1929.

Trade output of butter in April of 133,600,000 pounds was 3.7 percent less than a year earlier. The retail price of butter in April was 5.6 percent less than in April 1932. These changes indicate that consumer

expenditures for butter in April were only 9 percent less than in the same month of 1932. In the first quarter of 1933 consumer expenditures for butter were 20 percent less than in the same period of 1932.

The net movement of butter into-storage in May of about 25,000,000 pounds was the largest for May since 1930. Total holdings on June 1 were 5,000,000 pounds larger than a year earlier. The heaviest into-storage movement usually comes in June and July.

On June 1 the price of 92-score butter at New York of 21.5 cents was 10.2 cents higher than the official Copenhagen quotation, in terms of American currency, and 7.6 cents higher than Australian butter in London.

CHEESE

In the past 2 months the price of cheese on the Wisconsin Cheese Exchange increased 50 percent, owing to depreciation in the dollar, and the rise in basic commodity prices. The seasonal increase in cheese production has been relatively small, and production in April was about the same a year earlier. Trade output of cheese in April was about the same as in April 1932. Even with the increase in prices the movement of cheese into storage in May was larger than in the same month of 1932 or 1931.

Cheese production in April of 38,300,000 pounds was approximately the same as a year earlier but about 15 percent less than 2 years earlier. April production was 6.5 percent larger than in March, in contrast to the usual seasonal increase of about 18 percent. Production of American cheese in April in the North Atlantic States was decidedly larger than a year earlier. Wisconsin production was only slightly larger. In the Southern and Western States, however, production was decidedly lower than in April 1932.

The ruling price of cheese (twins) on the Wisconsin Cheese Exchange rose from 8 cents on March 11 to 12 cents on May 13, a rise of 4 cents or 50 percent. The price of 12 cents in the middle of May was 3 cents per pound more than a year earlier. The average price in May of 11.6 cents was 2.1 cents more than in April, 3.6 cents more than in May 1932, and the highest since December 1931.

Trade output of cheese in April of 45,300,000 pounds was slightly larger than in April 1932. The change in retail prices and trade output of cheese indicate that consumer expenditures for cheese in April were about 9 percent less than a year earlier, a relatively small decrease as compared with other recent months.

Cold storage holdings of American cheese on June 1 were 41,300,000 pounds, about 900,000 pounds more than on June 1, 1932. The net into-storage movement in May amounted to 4,000,000 pounds, more than twice as much as in May 1932.

EGGS

The market price of eggs continued to rise in May along with the general rise in commodity prices. Receipts of eggs are above average and consumption is at a low level. Storage stocks are nearly as large as in 1930 and 1931. In those years prices were kept relatively high during the spring, accompanied by decreased consumption and the accumulation of heavy storage stocks. These were followed by very low prices the following fall and winter.

Prices of special packed mid-western eggs at New York averaged 16.4 cents a dozen in May compared with 16.1 cents in April and 17.5 in May 1932, the rise from April to May this year being about half of the rise during the corresponding period last year. The price of firsts changed similarly, averaging 14.2 cents in May. The farm price of eggs rose from 10.3 cents on April 15 to 11.8 cents on May 15. Compared with the 1910-1914 average for corresponding months the relative price was 71 percent on May 15, compared with 52 percent on March 15.

Receipts at the four markets during May were 2,426,000 cases compared with 1,907,000 cases a year before and a 5-year average of 2,211,000 cases. Receipts during the period January-May have amounted to 16 percent more than for the same months of last year, but $1\frac{1}{2}$ percent less than the 5-year average for those months.

Reports from commercial hatcheries indicate as many salable chicks hatched in the period January-April as in the same period last year; an increase of 4 percent is shown in deliveries ordered for May or later. It is probable, then that there will be as many pullets this year as last and perhaps more, but that they will not begin laying until later in the season than last year.

Cold storage stocks of case eggs on June 1 were 8,047,000 cases compared with 5,380,000 cases a year ago and the 5-year average of 7,464,000 cases, and were the largest June 1 stocks on record with the exception of 1930 when stocks amounted to 9,178,000 cases. The quantity of eggs stored, as indicated by August 1 storage holdings, is of primary importance in determining fall and winter prices. In August 1932 holdings were 6,400,000 cases and prices were relatively high. In the 2 preceding years, August 1 stocks were about 10,000,000 cases and the subsequent prices were relatively low.

Consumption of eggs, as indicated by the apparent trade output in the four markets was 12 percent less in May than a year earlier.

CHICKENS

The farm price of chickens rose to 10.4 cents a pound on May 15 compared with 9.8 cents a month before and 12.2 cents a year before. Compared with the 1910-1914 average for corresponding months the relative farm price of chickens on May 15 was 88 percent, a rise of 5 percent from the preceding month.

Receipts of dressed poultry at the four markets during May were the heaviest on record for the month, as was also the case in April, being 22,700,000 pounds compared with 18,400,000 pounds for both the year before and the 5-year average. Part of this increase over last year is due to the lateness of the season. While farm flocks are being reduced to some extent now, farm hatchings are likely to be heavy. Reports indicate an increase over last year in the number of salable chicks hatched at commercial hatcheries. Hence, receipts are likely to continue heavy during the year.

Cold storage stocks of frozen poultry on June 1 were 38,096,000 pounds compared with 44,800,000 pounds a year before and a 5-year average of 45,400,000 pounds.

LAMBS

Prices of slaughter lambs advanced sharply during the first half of May and held at about this new level during the rest of the month, with some fluctuation from day to day. About the middle of May shorn fed lambs reached $6.75 at Chicago, which was higher than fed wooled lambs sold for during any of the fed lamb season. The top on spring lambs reached $8.00. Early in June another sharp advance occurred which carried shorn yearlings (called shorn fed lambs in May) to $7.25 and spring lambs to $8.75. The average monthly price of good and choice fed wooled lambs at Chicago for May this year was $6.38 compared to $5.43 in April and $5.42 in May, 1932.

The close of the fed lamb season this year was strikingly opposite to the close last year. This year the highest prices of the season were realized for lambs marketed in May, whereas last year the market at the end of the season went to pieces and fed lambs in May sold not only at the low point of the season but probably at the lowest prices ever reached for such lambs at that season on the Chicago market.

Except for a few weeks in December, prices during the fed lamb season this year were lower than those of the previous season until May, although the total supply of fed lambs from December 1 to May 1 was considerably smaller this year than last. Early in June new crop lambs were selling materially higher than at the corresponding date in 1932 and almost as high as at that date in 1931. May apparently marked the end of the period of about 4 years duration in which the price of lambs each month was lower than in the corresponding month of the previous year.

The advance in prices took place in May in the face of relatively large supplies. While receipts at 7 leading markets were about the same as last year and as the 5-year May average, inspected slaughter was 4 percent larger than last year, 16 percent above the 5-year average, and the largest on record for the month. Eastern shipments of California lambs in May this year were larger than in May last year and the total of such shipments for the season was only 2 percent smaller this year than last. The movement of spring lambs from the Southeastern States and the Corn Belt was also larger than last year and marketings of lambs and sheep from Texas in May apparently were somewhat larger than in May 1932. Fed lambs apparently were in smaller supply from Colorado but in larger supply from Nebraska and from commercial feed lots.

The higher lamb prices during May this year compared with May 1932, apparently reflected the higher value of pelts resulting from the sharply higher price of wool rather than improved wholesale or retail prices of lamb. The average monthly price of lamb carcasses and the composite retail price of lamb at New York for May this year were smaller than in May last year and also smaller this year for the week ended about June 1.

Although supplies of lambs are expected to be smaller in June this year than last and relatively smaller than in May, further advances in lamb prices over levels of early June will depend largely upon whether wholesale carcass prices can be advanced.

WOOL

The rapid advance in domestic wool prices which began the latter part of April continued without interr uption during May. The heavy volume of sales in the Boston market slackened somewhat in early June but further price increases were reported on many grades. Quotations on strictly combing territory wools, scoured basis, at Boston the first week of June were 50 to 70 percent above the March 1933 low point and 80 to 110 percent above the low point in July, 1932. The greatest advances were reported on medium wools. Wool prices have also increased in foreign markets but the increase has not been as great as in the United States. The difference between domestic and foreign prices has increased greatly and prices in the domestic market at the present time are considered close to import parity.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston were 67-69 cents a pound, scoured basis, for the week ended June 10 compared with 56-58 cents a pound for the week of May 6. Territory 3/8 blood (56s) scoured basis, was 60-62 cents a pound June 10 compared with 48-50 cents a pound the first week of May. Quotations on Ohio and similar grease wools ranged from 21 to 33 cents a pound the week of June 10. Prices received by growers averaged 17.7 cents a pound for the United States on May 15 and prices were still advancing. The average price to growers on April 15 was 10.1 cents and in May 1932 was 8.8 cents a pound.

Reported consumption of combing and clothing wool in April was about 24,000,000 pounds (grease equivalent). This was 12 percent greater than in March and was 50 percent greater than the consumption reported in April, 1932. While the usual trend of consumption is downward in April and May the increased buying of wool in the Boston market, reports of increased purchases of woolen textiles and greater activity in textile manufacturing centers make it seem probable that consumption continued to improve during May.

Arrivals of domestic wool at Boston increased rapidly during May. Receipts from April 1 to June 3 were 27,600,000 pounds compared with 18,700,000 pounds received in the corresponding period last year. Receipts for April and May of the present season were about equal to the average for that period in the 5 years 1928-1932. Last year's clip was marketed much later than usual. Imports of foreign wool in the first 4 months of 1933 were even smaller than last year. Imports of combing and clothing wool from January to April, were only 2,375,000 pounds. Recent reports from South America and England indicate that American buyers are showing more interest in foreign wools.

Higher wool prices at London resulted in some increase in activity in the Bradford market in May. Manufacturing activity and consumption were well maintained in the English industry during April and an improvement was reported early in May. Conditions in the continental industry in April showed little change as compared with March though some improvement was reported toward the end of the month.

Shearing of the 1933 clip is now under way in most Northern Hemisphere countries. Conditions continue to indicate a fairly heavy clip in the United States and the United Kingdom with further reductions probable in France and Germany. In Australia and New Zealand sheep are entering the winter (June-August) in good condition.

Conditions in the Union of South Africa were greatly improved by heavy rains during April. The year 1932 in this latter country was one of deficit rainfall which condition continued during the first 3 months of 1933. Latest reports from Argentina state that grazing conditions are good at the present time.

The bulk of the present clips have already been marketed in the Southern Hemisphere and supplies at selling centers are greatly reduced as compared with the same period last year. Exports from the 5 important wool producing countries of the Southern Hemisphere from July to April of the 1932-33 season were 1,720,000,000 pounds, an increase of 15 percent above the same date last year.

COTTON

During April and May domestic sales of cotton textiles increased materially along with the advance in stocks, cotton, and other commodity prices, and the improvement in general sentiment as to the trend of business conditions. The increase in unfilled orders and decrease in stocks of cotton textiles on hand caused mills to speed up operations. It is said that mills that had not been operating for many months have begun operating and mill activity in May reached the highest levels for 3 years. During the first part of June domestic cloth sales was less than in recent previous weeks, though they were probably only slightly below the large output. The slight weakness in cotton prices which developed during the first part of June and the strength of textile prices resulting from the prospective legislative restrictions on hours and wages are said to have reduced cloth sales. In Europe sales of cotton textiles in recent weeks have, on the whole, probably equaled or slightly exceeded production which has increased slightly. Japanese activity continues at record levels, but in China mills have restricted activity.

Cotton prices in the 10 markets which at mid-May were about 8½ cents per pound advanced to 9.31 cents per pound by May 30. This was the highest price recorded in these markets since the early part of July, 1931, almost 2 years ago. The average for the month of May was 8.49 cents compared with 6.84 cents in April and 5.41 cents in May 1932. Since early February the trend of domestic prices has been upward, and at the high point of May 30 were 3.62 cents above the levels of early February, 3.86 cents above the low point of this season, and 4.55 cents above the low point of the depression reached in June last year. In Liverpool prices of American cotton have advanced materially both in sterling and in United States currency. In recent weeks prices of Indian cotton in the British market has moved about as American.

Domestic cotton consumption during May totaled 621,000 running bales, compared with 471,000 bales in April, and 332,000 bales in May last year. This was the largest consumption for any month since October 1929. Consumption in May was 123 percent above the low level of last July when consumption was at the lowest level ever recorded, data being available back to September 1912. Up to the end of April United States mills had consumed only 286,000 bales more than during the first 9 months of last season, but by the end of May this season's consumption was 574,000 bales above the like period last season. The recent marked increase in activity has resulted from the sharp increase in sales which accompanied the advance in the prices of cotton, stocks, and other commodities. The profitable manufacturing margins, and the prospective govermental regulation on hours and wages in the industry also stimulated production. During

most of the recent weeks sales of cotton materials have probably been above the increased production. The increase in prices of cotton textiles has advanced yarn and cloth manufacturing margins to the highest levels since 1929 and 1930.

In Great Britain mill activity has apparently been about unchanged during the recent weeks. French mills toward the end of May were operating at 75 to 80 percent or at slightly higher levels, and are said to have sufficient orders already on hand to maintain this level of activity for several weeks. Activity in Germany has been increasing in recent weeks. Yarn production in Japan during April reached the highest levels in the history of the Japanese industry, and large proportions of American cotton are still being used. Chinese mills were operating at somewhat lower levels during May than in previous months due to a restriction agreement among spinners in an attempt to prevent a continued piling up of yarn stocks.

Domestic exports during May totaled 592,000 running bales which was considerably larger than any of the 3 previous months. Exports in May are usually much smaller than any of the previous months of the season except August. The May exports were the largest for the month since 1927. From August 1 to the end of May foreign shipments of American cotton amounted to 7,113,000 bales compared with 7,898,000 bales in the like period last season, 6,241,000 bales 2 seasons ago and 6,329,000 bales in 1929-30.

The domestic crop has been making better progress during recent weeks than earlier in the season. Much of the dry region of Texas and Oklahoma has received beneficial rains since mid-May. In the western half of the belt the crop is said to be 1 to 2 weeks late. In the Eastern Belt the crop in Mississippi, Alabama, and Tennessee has been estimated at approximately 10 days late.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In currency	Commodity prices: Foreign 4/: In gold	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/					1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	125	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Aug.	78	64	74	75	105	72	72	72	2.00	139
Sept.	76	62	73	72	104	71	71	68	2.02	119
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.05	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	65	55	2.60	65
May				62					2.09	82

1/Federal Reserve Board Indexes, adjusted for seasonal variation.
2/United States Department of Agriculture, August 1909 - July 1914 =100.
3/Bureau of Labor Statistics Index.
4/Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/The Annalist. Average of daily rates on commercial paper in New York City.
6/Dow-Jones Index is based on daily average closing prices of 30 stocks.

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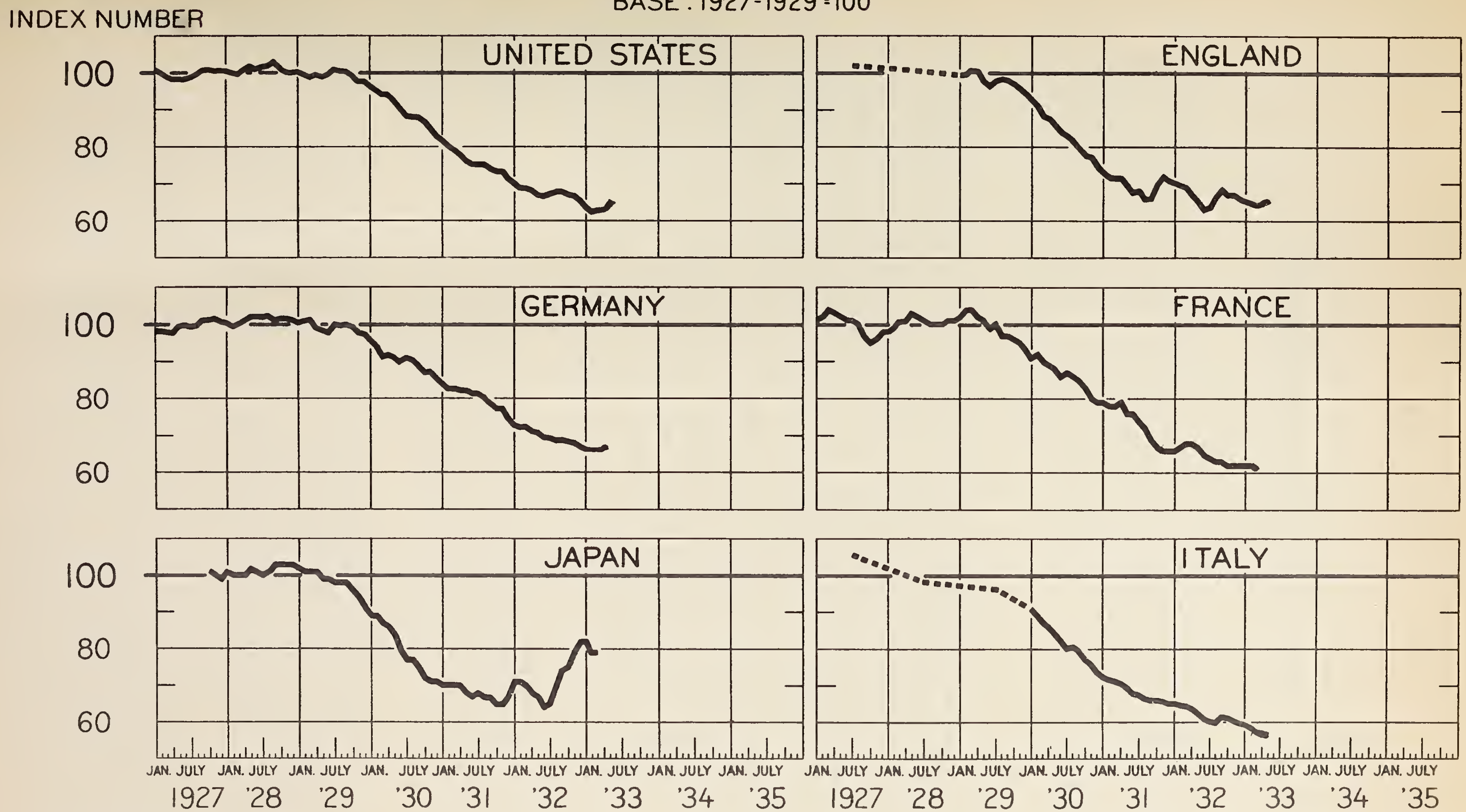
INDEXES OF WHOLESALE PRICES, UNITED STATES AND SELECTED FOREIGN COUNTRIES

BASE: 1927-1929 = 100



U.S. DEPARTMENT OF AGRICULTURE

NEG. 25960 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1 - THE DECLINES IN WHOLESALE PRICES IN THE UNITED STATES, GERMANY, FRANCE, AND ITALY DURING THE PERIOD 1929 THROUGH THE FIRST QUARTER OF 1933 WERE SIMILAR. IN JAPAN WHOLESALE PRICES ROSE SHARPLY DURING THE LAST HALF OF 1932 WHEN THERE WAS A RAPID DEPRECIATION IN THE YEN. THE RAPID DECLINE OF WHOLESALE PRICES IN ENGLAND WAS CHECKED WHEN ENGLAND WENT OFF THE GOLD STANDARD IN SEPTEMBER, 1931

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release July 15, 1933

THE PRICE SITUATION, JULY, 1933

FARM PRICES

Grain prices have advanced sharply since mid-June and prices of cotton, potatoes, and some other farm products have advanced considerably. Hog prices are about the same but cattle prices are a little lower than a month ago. However, the fact that livestock prices have held fairly steady in spite of unusually heavy marketings is really equivalent to a substantial rise in prices under normal market supply conditions.

The marked rise in the general level of prices of farm products in recent months has resulted in some very significant changes in the relationship between crop and livestock prices. The short grain and feed crops in prospect for this year have resulted in sharp increases in feed prices with a tendency to hasten and to increase livestock marketings during the current season. This situation may also tend to curtail production of dairy products. Looking beyond this crop year, the present maladjustment between crop and livestock prices may bring us to the peak of the cattle production cycle sooner than would otherwise have been the case. During the 3½ years of declining prices of farm products which preceded the recent upturn, feed prices declined faster and farther than livestock prices, thus favoring a shift to livestock and dairy farming. This trend has met a sharp reversal in the last 3 months with livestock production placed in a less favorable position. This situation is likely to continue during the 1933-34 crop season with the probability that the 1934-35 crop season will witness a considerable increase in livestock prices relative to grain and feed prices.

The general level of prices received by farmers in mid-June was 64 percent of the 1910-1914 average compared with 62 in May and 52 in June 1932. Six sub-indexes in the farm price index advanced from May to June, whereas one(chickens and eggs) declined. Market prices indicated that the index of farm prices is now considerably higher than in mid-June.

Prices paid by farmers, after declining to the pre-war level for March 1933, advanced to 103 percent of the 1910-1914 average in June. The exchange value of farm products consequently increased somewhat less rapidly than the prices received by farmers. The exchange value of farm products for the things farmers buy was 62 percent of the 1910-1914 average in June compared with 61 in May and the low of 48 in June 1932 and February 1933.

The general level of farm wages in the United States advanced about 7 percent from April 1 to July 1, whereas the usual seasonal rise between these dates is only about 4 percent. The index of farm wages on July 1 was 78 percent of the 1910-1914 average compared with 73 on April 1 and 87 on July 1, 1932. Since April 1 the demand for hired farm labor has increased, whereas the supply has decreased. The supply expressed as a percentage of demand dropped from 213.5 on April 1 to 177.5 on July 1, the latter figure being the lowest reported since November 1931.

WHOLESALE PRICES

The general level of wholesale prices has advanced, almost without interruption, each week since early March. The Bureau of Labor Statistics weekly index converted to a 1910-1914 base, advanced from the post-war low of 87 for the week ended March 4 to 98 for the first week in July, an advance of 13 percent in 4 months. During this period, farm products led in the advance, with a rise of 44 percent. Foods, hides and leather, and textiles also advanced sharply and building materials registered a marked, though somewhat smaller gain. Metals, chemicals and drugs, house-furnishing and miscellaneous goods, in spite of recent advances, are only slightly higher than in early March. Recent price increases have been greatest for raw materials which had previously declined the most. This has considerably reduced the disparity in price levels of the various commodity groups.

The Annalist index of wholesale prices advanced from 80 percent of the 1913 average for the first week in March to 104 for the week ended July 11. However, if converted to a gold basis, the Annalist index during this period declined from 79.3 to 74.1 percent of the 1913 average. In currency prices this index is now about 40 percent higher than on a gold basis; this divergence in the indexes having been associated with an appreciation of foreign gold currencies of about 30 percent in terms of the dollar. Although the general level of prices on a gold basis has declined some since March, most raw materials have increased and some, especially grains, have advanced sharply even on a gold basis. In general, the raw materials which have experienced the greatest price advances are those which are dealt with in futures markets and those which have an international market and, therefore, quickly reflect the depreciation of the dollar in foreign currencies. In the case of grains, however, a considerable part of the recent sharp price advance has been due to the very unfavorable crop prospects in this country.

The combined index of wholesale prices in eight foreign countries which take about 78 percent of our agricultural exports was 67 percent of the 1926 average for May compared with 66 at low point in April and 68 in May 1932. This index has fluctuated within a narrow range for the past year. When adjusted to dollar exchange rates this index rose from 54 in March to 62 in May because of the drop of the dollar in terms of foreign currencies.

The recent rise in wholesale prices began earlier and the rise has been greater in the United States than in any other major country. Prices in England have advanced nearly as much as in the United States. In Germany and Italy, prices turned upward in May and June respectively. Wholesale prices in France continued to decline through May and in Japan, prices have declined since January, following the marked rise in the second half of 1932.

Index numbers of wholesale prices in selected countries for March and the latest preliminary estimates (with 1927-1929 as 100) are about as follows:

	Months of 1933 (1927-1929 = 100)		
Country	March	May	June
United States	63	-	68
England	64	-	68
Italy	57	-	57
Germany	66	67	-
France	61	60	-

BUSINESS CONDITIONS

The trend of industrial activity has continued upward to mid-July and the unfilled orders on hand in many industries are sufficient to assure their continued activity at near present levels until well into the fall months. The increase in industrial activity since March has been the most pronounced of any comparable period in this country and has been accompanied by marked increases in employment and payrolls. While the increases in employment and payrolls have not been as marked as the increase in industrial activity they have been more marked than usual in the early phases of recovery and are increasing consumer purchasing power and stimulating the demand for farm products. Improvement in industrial activity has also occurred in foreign countries but not to the same extent as in the United States.

The Federal Reserve Boards index of industrial production increased from 67 in April to 76 in May. Weekly data available on the trend of industrial production during June indicate that improvement from May to June was at least as great as from April to May. Improvement has been marked in practically all lines of industry with production steadily increasing instead of making the usual seasonal decline during the summer months. Retail sales of automobiles and department and chain store sales have also shown substantial improvement, partly in anticipation of higher prices and partly in response to an increase in consumers' purchasing power.

Railroad freight traffic, after barely making the usual seasonal gain during May, increased steadily during June and the New York Times index of car loading advanced from 55.7 for the week ended May 27 to 64.9 for the week ended July 1. Electric power production continued to increase during June and building contracts awarded also showed marked gains, in contrast to the usual seasonal decline. The financial situation has shown little change since mid-June with money rates continuing low.

While the increases in employment and payrolls have not been as marked as the improvement in industrial production, statistics available through May show that the increase from the low point in March was much more marked during the 2-month period than during a similar period in previous depressions. Employment and payrolls usually do not begin to increase until sometime after the low point in business has been reached. However, the sharpness of the advance in industrial production during the past 3 months has not only resulted in increases in employment and payrolls sooner than usual after the low point in the depression, but also the most marked improvement in any similar period for which comparable records are available (1919 to date).

The marked advance in industrial activity in the United States has been accompanied by some improvement in business in several foreign countries. Reports from Canada indicate definite improvement in industrial production and construction and a decline in unemployment. Unemployment has also declined in Great Britain and on the Continent. In Great Britain there has been a definite increase in industrial activity especially in the iron and steel industries. Business activity in Japan has been maintained at near record levels. Some improvement in France, Germany, and Italy has also been noted, whereas, conditions in China and India have slackened slightly.

WHEAT

Wheat prices in the United States on July 11 had risen by more than 30 cents per bushel from the levels prevailing during May and early June. The rise was due largely to unfavorable weather for the spring wheat crops of the United States and Canada, together with a further depreciation of the dollar, confirmation of a small winter wheat crop, damage to other grain crops, and market effect of the program to reduce wheat acreage next year under the Agricultural Adjustment Act. The United States wheat crop is now indicated to be less than 500,000,000 bushels which is under probable domestic consumption by fully 100,000,000 bushels. At Liverpool prices rose above their May level by about 20 cents per bushel on July 11, in terms of the American dollar, but in terms of British currency and gold the rise was less than half that amount.

The United States average farm price as of June 15 was 58.7 cents per bushel, 0.3 cents below that of a month earlier, compared with the record low level of 31.6 in December 1932 and 37.3 cents in June 1932. Since mid-June there has been another very great rise in market prices. On July 14, July futures at Chicago closed at 108-1/8 cents per bushel compared with 74-1/2 cents on June 15 and 73-5/8 cents on May 15.

Cash prices of wheat at the principal markets showed relatively little change during May and the first 3 weeks of June, but rose rapidly in late June and early July. The weighted average price of all classes and grades at six markets which reached 74.5 cents for the week ended May 6, declined to 71.4 cents 3 weeks later and then in the next 3 weeks rose to 74.2 cents which was the average for the week ended June 17. The rapid rise which followed brought the average of all classes and grades up to 99.2 cents for the week ended July 8.

Prices of wheat have also risen in the other markets of the world. July futures at Liverpool rose from a level of around 60 cents per bushel during May and early June to 81-1/4 cents on July 14. This rise (in terms of the current value of United States money) was due partly to depreciation of the dollar, since the gold value of British money has not changed greatly. During May and early June the British pound was worth about $4.00 while on July 11 it was worth about $4.75. Nevertheless Liverpool prices have also risen in terms of British money. From a level of about 5 shillings per 100 pounds in May and early June they rose to 5 shillings 8-3/8 pence on July 11. In terms of United States money at the par of exchange the rise was from about 75 cents to 84 cents per bushel. During February, March and April, near futures at Liverpool averaged about 68 cents per bushel when converted at the par of exchange.

The rise of prices in the United States during late June and early July was due quite largely to unfavorable conditions in the spring wheat areas of the United States and Canada. Further declines in the value of the dollar and tentative plans for the reduction of wheat acreage and exports by the principal exporting countries and weather damage to other grain crops have also played a part. Hot, dry weather during the last half of June damaged the wheat crop throughout the greater part of the spring wheat area in the United States and in much of Canada. Based on July 1 conditions the total United States wheat crop is placed at 496,000,000 bushels compared with 726,000,000 last year and 900,000,000 bushels in 1931. The June 30 condition of the Canadian crop is

officially reported to be 77 percent of the long-time average. Crop reports and rainfall and temperature reports now suggest a total Canadian crop of between 350,000,000 and 400,000,000 bushels, compared with 429,000,000 last year and 321,000,000 in 1931.

World wheat production in 1933-34 is expected to be considerably less than in 1932-33. Whereas the United States wheat crop is much smaller, total wheat production in all other countries combined appears likely to be about the same as last year. Yields in the Southern Hemisphere are of course undetermined, but present indications are that the Northern Hemisphere excluding Russia and China will have a crop of somewhere in the vicinity of 3,000,000,000 bushels compared with 3,248,000,000 last year and 3,316,000,000 in 1931-32. The total European crop is now indicated to be about the same as last year with production in the lower Danube countries about 100,000,000 bushels larger and in the importing countries about 100,000,000 bushels smaller. In Northern Africa the crop is reported about 25,000,000 bushels smaller than last year while the three countries of Asia for which estimates are available (India, Japan and Turkey) are indicated to have about 50,000,000 bushels more than in 1932. Information on the Russian crop is inconclusive, but a crop larger than the small one of last year is to be expected.

United States wheat prices continue to be far above an export basis. On July 11 December futures at Chicago closed at 109-5/8 cents compared with 86-5/8 cents (at current exchange rates) for the corresponding future at Liverpool. Thus United States prices were about 35 cents per bushel above the level at which exports to Europe could be made freely. Owing to the fact that the United States production is much below domestic utilization this year, it is not likely that any material amount of domestically produced wheat will be exported unless world prices rise markedly.

The United States carry-over on July 1 is indicated to be about the same as last year if one is to judge from the indicated dispostion of total supplies available for the year. Last year's carry-over, as revised due to the revision of farm stocks, amounted to 381,000,000 bushels. However, both farm stocks and "commercial stocks" are lower than a year ago. Carry-over data for 1932 and corresponding figures as far as now available for this year are as follows:

	1932 1,000 bushels	1933 1,000 bushels
On farms	90,284	79,605
Commercial stocks	168,405	123,596
Sub-total	258,689	203,201
Interior elevator - mills	41,817	
Merchant mills	70,583	
In transit to mills	9,929	
Total	381,017	

The marked reduction of stocks in the position for which data are thus far available suggests that the total carry-over may be somewhat smaller than

last year even though there should be some increase in interior elevator and mill stocks. Remaining supplies available for export or carry-over in the United States, Canada, Argentina and Australia, together with United Kingdom port stocks and quantities afloat are indicated to be somewhat larger than a year ago.

Regional differences in production, together with the export situation, are resulting in an especially marked scarcity of new-crop wheat east of the Rockies and an abundance in the Pacific Northwest. If the total wheat production of the United States is divided into that of the Pacific and Inter-mountain States (Washington, Oregon, California, Idaho, Nevada, Utah and Arizona), as compared with the remainder of the United States the following results are obtained.

	Pacific and Inter-mountain States	Remainder of United States
1930	111,831	747,080
1931	87,839	812,380
1932	112,695	613,588
1933	91,759	403,922

Most of the 600,000,000 to 625,000,000 bushels of wheat which the United States is likely to use during the 1933-34 crop year will be used east of the Rockies, the annual utilization in the Pacific and Inter-mountain States ordinarily amounting to only about 75,000,000 bushels yearly. From this it is evident that stocks of wheat east of the Rockies may be expected to be very much reduced at the end of the year unless price relationships are such as to allow large shipments to the East from the Pacific region.

Since most of the white wheat of the country is grown in the Pacific and Inter-mountain States, the crop of this class is not especially small. Indicated 1933 production by classes together with corresponding figures for 1932 and averages for the past 4 years are as follows:

	Average 1929 to 1932 Million bushels	1932 Million bushels	1933 Million bushels
Hard red spring	141	188	93
Durum	44	41	19
Hard red winter	374	265	160
Soft red winter	185	148	143
White	81	86	80

White wheat is the only class for which production this year is greater than or even as large as the average consumption of recent years. There is a great deal of substitution of one class of wheat for another, depending upon their relative supplies. However, a normal utilization in years when feeding is at a minimum and supplies of hard red spring and soft red winter wheat are

not short, amounts to about 150,000,000 bushels of hard red spring, 30,000,000 of durum, 200,000,000 of hard red winter, 175,000,000 of soft red winter, and 45,000,000 bushels of white wheat. Average consumption of each class, except hard red spring is higher than these figurs because of feeding. This is especially true of hard red winter, white and durum wheats, and feeding has been especially heavy in the past 3 years. Preliminary indications are that stocks are large in the case of hard red winter, hard red spring and white wheats, while durum and soft red winter stocks are relatively small.

RYE

Rye prices in the United States have recently advanced relative to other grain prices. The weighted average price of No. 2 rye at Minneapolis advanced from 35.1 cents in March to 62.1 cents in June. During the first few weeks of July prices continued advancing rapidly, reaching 99.9 cents per bushel on July 12.

The more recent advances have in large part been the result of prospects for an extremely short crop this year, and may have been to some extent the result of prospects for an increased demand for rye during the 1933-34 season for the manufacture of distilled liquors.

Conditions as of July 1 indicated that the United States rye crop would be about 25,336,000 bushels compared with 40,409,000 last year, and an average of 37,974,000 for the period 1928-1932.

The production of rye in the United States averaged between 30,000,000 and 40,000,000 bushels for the 10 years prior to the beginning of the World War. During the war production increased rapidly because of the stimulus of high prices. This upward trend in production continued until 1922, when a peak of 105,000,000 bushels was reached. Relatively low prices followed during 1923 and production began to decline. From 1928 to 1932 production was fairly stable at a level about the same as that for the 10 years immediately preceding the war period.

During the pre-war period the disappearance of rye in the United States averaged about 35,000,000 bushels, about half of which was consumed as feed and the other half was consumed in the milling and distilling industries. In 1909 for example, when the disappearance was 34,938,000 bushels, 11,504,000 bushels were ground in merchant and custom mills and 4,364,000 bushels utilized in the distilling industry. Since 1917 the demand for rye for the manufacture of distilled spirits has been very small, averaging less than 25,000 bushels. The use of rye in the milling industry during recent years has been somewhat smaller than that of the pre-war period, averaging about 9,000,000 bushels. During the 5-year period 1928-1932, the disappearance in the United States averaged 34,000,000 bushels, which was a little below average disappearance for the pre-war period. Consequently it appears that the disappearance for recent years has been maintained at about pre-war levels by an increased use of rye for feed.

Owing to the fact that about half of the crop prior to the war, and from 60 percent to 75 percent since the war, was used for feed purposes, the competition of other feed grains, such as barley and corn, has been of more importance than the rye crop in determining the price of rye. The changes in the price of rye during the last 25 years have been closely associated with the changes in the prices of corn and barley. The size of the crop of rye has been of some significance in effecting the price but only in extreme cases of over or under production has this factor especially influenced prices. The price of rye during the pre-war period, when from 15 to 20 percent of the crop was being used in the distilling industry, was relatively higher when compared with other grains than during the post-war period. During the period 1908 to 1917 the average price of No. 2 rye at Minneapolis was 96.8 cents per bushel. No. 1 Northern Spring wheat at Minneapolis averaged $1.24 per bushel for the same period. For the period 1918 to 1931 rye prices averaged only 3 cents higher than for the pre-war period, whereas wheat prices (No. 1 Northern) averaged 25.3 cents per bushel higher. It seems likely, therefore, that should the demand for rye for distilling and milling purposes be revived during the current marketing year, similar to that which obtained during the pre-war period, the price of rye might be from 5 to 10 cents a bushel higher than it would have been had the normal feed grain price relationship obtained.

If the manufacture of distilled spirits for beverage purposes is legalized by the fall of 1933, it is probable that from 4,000,000 to 5,000,000 bushels of rye, or from 20 to 25 percent of the crop may be utilized during the remainder of the 1933-34 crop year in the distilling industry. With a tax on wheat millings and none on rye it is expected that there will be a relative increase in rye grindings during the current crop year unless rye prices retain their present high level relative to wheat prices. This probable increase in commercial demand, together with the extremely short crop of rye and of feed grains now in prospect will probably result in rye prices averaging relatively higher than other grains.

CORN

Corn prices advanced about 20 cents per bushel from mid-June to July 11. This rise is attributable partly to unfavorable crop conditions and partly to further depreciation of the dollar and inflationary sentiment. While supplies of old corn continue to be large and are coming to market rather freely, the new crop is indicated to be one of the smallest in recent years.

The United States average farm price as of June 15 is reported to have been 40.2 cents per bushel compared with 38.9 cents the previous month and 29.4 cents in June 1932. Since mid-June market prices have advanced rapidly. July futures at Chicago closed at 45-1/8 cents on June 15 and 64-3/8 cents per bushel on July 14.

From the second week of May, when No. 3 Yellow corn at Chicago averaged 43.5 cents per bushel, there was relatively little change in corn prices until the week ended July 1, when No. 3 Yellow at Chicago averaged 49.9 cents. The following week it rose to 59.5 cents per bushel, compared with an average price of 42.2 cents per bushel in May and the record low of 23.0 cents reached in December 1932. In June 1932 No. 3 Yellow at Chicago averaged 30.2 cents per bushel.

July 1 conditions indicate a total corn crop of 2,384,000,000 bushels compared with 2,876,000,000 in 1932, and 2,567,000,000 in 1931. The reduced crop is due partly to decreased acreage, the 1933 acreage being 4.4 percent less than that of 1932. The prospective yield, however, is 11.5 percent below the 10-year average or 25.1 bushels per acre. Yields below average by 5 bushels or more are indicated in South Dakota, Ohio, Indiana, Illinois, Kansas and Oklahoma. There is frequently considerable change in the indicated production of corn between July 1 and August 1.

Receipts of corn at 14 markets during June amounted to 34,200,000 bushels compared with 5,500,000 a year earlier and an average of 15,300,000 for June of the past 5 years. Owing to heavy receipts, market stocks have been increasing, amounting on July 8 to 52,158,000 bushels compared with 38,779,000 as of June 3. Wet process corn grindings continue at a higher level than that of last year, but were smaller during June than in May. During June they amounted to 5,473,000 bushels compared with 4,552,000 last year and an average of 5,905,000 in June of the past 5 years. In May grindings amounted to 8,862,000 bushels.

Corn price movements during the remainder of the summer will probably depend quite largely upon the development of the new crop, and also upon developments as to the prospective value of the dollar and other speculative and business influences affecting the grain market generally. It should be borne in mind, however, that large stocks of old corn remain in farmers' hands and that more rapid increases in corn prices than in the prices of livestock have greatly discouraged heavy feeding of corn.

POTATOES

Condition reports as of July 1 indicated that the 1933 crop of potatoes will be the smallest produced in the United States since 1925. Total production, including the early crops which have already been marketed, is forecast at 306,423,000 bushels or 14 percent below the 357,679,000 bushels produced in 1932. Condition on July 1 averaged only 72.2 percent, the lowest for that date since the records began in the 1860's. Heat and drought have seriously affected the potato crop in many of the more important states.

While the acreage for the country as a whole, has been decreased about 4 percent below that of 1932, that in the 18 late surplus states has been cut about 6 percent and that in the 12 other late states increased by about 5 percent. The reduced acreage in the late states and expected low yields indicate a late potato crop of only 248,173,000 bushels for 1933 compared with 292,425,000 bushels in 1932.

The prospects for the commercial intermediate crop were reduced materially during June. Yields are turning out unusually low which on a reduced acreage, has decreased the mid-summer supply of potatoes. Production in the intermediate states is now placed at 14,929,000 bushels compared with 19,011,000 bushels last year. The short crop in the intermediate states is now showing up in the reduced car-lot shipments to market centers. New potato shipments declined from 4,656 cars during the third

week in June to 3,834 cars during the first week in July which compares with 5,062 cars for the corresponding week last year. Shipments of old stock have dwindled to only a few cars per week as compared with several hundred cars per week during the same period in 1932.

With supplies of potatoes materially decreased, prices in the market centers have advanced steadily since mid-June. At New York, l. c. l. prices of new potatoes advanced from $1.72 to $2.20 per 100 pounds during the last 2 weeks of June while those of old stock rose steadily throughout the month and were quoted at about $2.00 per 100 pounds bulk during the last week of June. A year ago new potatoes averaged $1.54 per 100 pounds and old potatoes 80 cents per 100 pounds bulk at this market. Car-lot prices of new potatoes at Chicago rose from $2.30 to $2.27 per 100 pounds from mid-June to the end of the month. A year ago they averaged $1.54 per 100 pounds during the last week of June. Scattered reports indicate that potato prices at both markets continued to advance duing the first week of July in response to the decreased shipments.

On the Eastern Shore of Maryland and Virginia f. o. b. prices of cobblers have made the remarkable advance of $1.25 per 100 pounds during the month of June and averaged about $2.60 per 100 pounds during the first week of July.

The United States farm price of potatoes averaged 49.4 cents per bushel on June 15 compared with 43.7 cents on May 15, 44.4 cents in June 1932, and the 1910-1914 June average of 71.8 cents.

RICE

Rice prices continued to advance during June and the first few days of July. At New Orleans, Fancy Blue Rose averaged $2.82 per hundredweight for June compared with $2.66 for May and $2.12½ for June 1932. At San Francisco, Fancy California Japan averaged $3.20 per hundred pounds for June compared with $3.12 for May and $2.28 for June last year. Brewers rice and screenings in the Southern Belt continued to sell between $2.12½ and $2.25 per hundred pounds. The rice price advance has been associated with a general improvement in prices of all grains and other commodities. Much of the recent advance, however, can be attributed to the very short crop now in prospect.

Southern Belt

Stocks of both rough and milled rice in millers' hands on July 1 were equal to 1,381,000 barrels compared with 1,558,000 a year earlier. Shipments from mills during the first 11 months of the current crop year totaled 927,000,000 pounds compared with 917,100,000 pounds for the corresponding period last year. Exports from southern ports for the crop year to July 1 totaled about 131,000,000 pounds compared with 205,000,000 for the corresponding period last year. Shipments to Puerto Rico from southern ports during the first 11 months were about 6,000,000 pounds larger than

last year. Sales of rice in continental United States during June were above those for June 1932. The condition of the rice crop in the Southern Belt on July 1 indicated a production of 27,885,000 bushels, which is smaller than any crop since 1925. A crop of this size with an average carry-over will make a supply of southern rice below the average domestic consumption of that rice during the last 5 years.

California

July 1 conditions indicated a crop of 6,042,000 bushels of rice in California, which is well below the production of other recent years and about 850,000 bushels below the 1924-1928 average. Exports of California rice for the crop year to July 1 totaled about 4,000,000 pounds, which is about the same as that for the corresponding period last year. Shipments to Hawaii to July 1 totaled 76,704,000 pounds compared with 77,696,000 for the corresponding period last year.

HOGS

Hog prices declined steadily from the third week in May to the end of June as a result of unusually large slaughter supplies, relatively high temperatures in eastern consuming centers, and a steady decline in fresh pork prices. Cured pork prices continued to advance during this period and a relatively large volume of hog products was placed in storage. Although hog slaughter is expected to decrease seasonally until mid-September, the total from July to the beginning of October may be larger than the relatively large slaughter in that period last year.

The average price of hogs at Chicago in June was $4.49 per 100 pounds, compared with $4.51 in May and $3.62 in June last year. From the week ended May 20 to the week ended July 1 the average at that market declined steadily, dropping from $5.00 to $4.32. This decline, however, was moderate, considering the very large market supplies. The average advanced to $4.39 for the week ended July 8, at which time it was 50 cents below that of the corresponding week a year earlier when 1932 prices were at peak levels. The price spread between medium weight and lightweight hogs continued to widen during the month as the proportions of lightweight and under finished hogs in market supplies increased. In June last year light hogs brought a considerable premium over heavy hogs.

Hog slaughter under Federal inspection during June, amounting to 4,626,000 head, was 39.4 percent larger than in June last year and was the largest on record for the month. Unusually large receipts during the first half of July indicate that July slaughter will be materially larger than that of July last year.

Although the large increase in hog marketings during June compared with a year earlier was partly a reflection of the larger 1932 fall pig crop, much of it was the result of a change in the time of marketing the summer supply of hogs. Last year, marketings were relatively small during June and early July as a result of the low prices in May and early June and were

relatively large during August and September. In recent weeks, corn prices have advanced considerably while hog prices have declined. The change in the hog-corn price ratio has tended to encourage the early marketing of packing sows and discourage the feeding of hogs to heavy weights.

Based on farm prices in the Corn Belt, the hog-corn price ratio was 11.7 on June 15, or the same as a month earlier. In April, it was 13.5 and in June last year it was 10.4. Since June 15, corn prices have advanced sharply and hog prices have declined and the hog-corn price ratio for the week ended July 1, based on Chicago prices, was 8.6 compared with 11.4 for the week ended June 10, and 14.8 for the last week in June 1932.

Wholesale prices of most cuts of cured pork at Chicago have been advancing steadily since early February and they have been generally higher than those in the corresponding weeks a year earlier since early May. Prices of such cuts at New York also have been advancing but the gains have been somewhat less pronounced than at Chicago. Lard prices at New York declined 50 cents per 100 pounds from the beginning to the end of June, but at the latter date they were still somewhat higher than those of a year earlier. Fresh pork prices declined almost continuously from the third week in May to the end of June when they were only about half as high as a year earlier. The composite wholesale price of hog products at New York averaged $11.20 per 100 pounds in June compared with $10.56 in May and $10.84 in June last year.

Storage accumulations of hog products were relatively large during June. Ordinarily, pork stocks are reduced during that month and lard stocks are increased only moderately but this year the increases amounted to 89,000,000 pounds of pork and 86,000,000 pounds of lard, or the equivalent of more than 1,000,000 hogs. Greatly increased slaughter in June, continued advances in prices of cured pork and severe declines in fresh pork prices were the chief factors contributing to the increase in storage stocks. Pork stocks on July 1 totaling 760,000,000 pounds were 5 percent larger than those of a year earlier, but they were 3.5 percent smaller than the 5-year average for that date. Lard stocks amounting to 197,000,000 pounds were 51 percent larger than those of July 1, 1932 and 26 percent larger than the 5-year July 1 average. This is the first time since October that storage stocks at the beginning of a month have been as high as those on the corresponding date a year earlier.

United States exports of pork during May amounting to 10,000,000 pounds were nearly 18 percent smaller than those in May 1932, but at the same time, lard exports amounting to 46,000,000 pounds, were nearly 12 percent larger. Compared with the 5-year May averages, exports of pork for the month declined 58 percent and lard exports fell off 14 percent despite the fact that total dressed product from slaughter was the largest on record for May. Shipments of both pork and lard from the principal ports in June were larger than in May but the increases were relatively small in comparison with the increase in slaughter. Hog numbers are decreasing for the second consecutive year in Europe, but much of the improvement from this standpoint is counteracted by the continuation of barriers to trade. So far, the chief result of the declining exchange value of the American dollar on exports of American hog products has been to maintain exports at or near the monthly levels of 1932.

The number of hogs over 6 months of age on farms on June 1, this year as indicated by the June pig survey was 15 percent larger than that of a year earlier for the United States and 20 percent larger for the Corn Belt. Despite the large increase in June slaughter this year over last, there were still enough mature hogs on farms on July 1 to indicate that the total slaughter in the 3 months from July to September might be larger than the relatively large slaughter in that period last year.

The number of hogs for slaughter in the marketing year which begins in October is indicated to be larger than the number slaughtered this year. The increase in numbers, however, may be offset by the reduction in average weights as a result of the high cost of feed. The June pig survey indicated that the number of pigs saved in the spring season of 1933 is about 51,000,000 head, or 3 percent larger than the number saved in the spring of 1932 and practically the same as the average of the last 5 years. The increase in the Corn Belt where most of the commercial supply originates was estimated at 4 percent. All of the North Central States except Iowa, Wisconsin, and North Dakota reported increases, with the largest gains being in the States east of the Mississippi River and in South Dakota. The number of sows being kept for fall farrowing as indicated by the survey was 8 percent larger in the United States and 13 percent larger in the Corn Belt than the number farrowed in the fall of 1932. Should hog producers carry out their indicated intentions, the fall pig crop is likely to be about 20 percent larger than the average fall farrowings for the 5 years 1928 to 1932 and the largest for any year since 1923. A continuation of the present unfavorable hog-corn price ratio, however, would tend to reduce materially the number of sows kept for fall farrowing.

CATTLE

Prices of all kinds and grades of cattle declined during June from the high point reached early in the month. The decline was most marked on the lower grades, a part of which was seasonal, and was least with choice steers of heavy weight. Compared with the high point reached in the week ended June 3, the average weekly prices of different grades of beef steers at Chicago declined the following amounts - choice 34 cents, good 42 cents, medium 44 cents and common 72 cents. Compared with the record low week of the depression early in February prices of the different grades of steers the last week in June were up the following amounts - choice 90 cents, good 108 cents, medium 63 cents and common 43 cents.

Prices of butcher cattle declined sharply during June, with the largest declines on the lower grades. At the end of June, prices of common grade cows and heifers were down almost to the low level reached late in 1932. Reflecting the weakness in fat cattle prices, and also the wide-spread drought condition and advancing corn prices the demand for stocker and feeder cattle fell off markedly during the latter part of June and prices dropped sharply.

The average monthly price of beef steers at Chicago for June this year was $5.79 per hundred pounds compared with $5.64 in May and $6.60 in June 1932. The farm prices of beef cattle were $4.04 in June, $3.95 in May and $3.81 in June last year.

The decline in cattle prices in June this year was in marked contrast to the sharp advance that occurred during June 1932. To a considerable extent this difference was due to relative supplies. Supplies in June last year were very short whereas this year they were relatively heavy. Receipts of cattle at seven leading markets in June were 18 percent larger than a year earlier and 4 percent above the 5-year June average. Inspected slaughter was 18 percent above June 1932 and 14 percent above the 5-year average. Slaughter of calves was 12 percent above June 1932 and 15 percent above the 5-year June average.

In addition to the relatively large supplies of cattle the consumptive demand for beef was adversely affected by the unusually high June temperatures and by the large supply of fresh pork from the record June slaughter of hogs. Wholesale prices of dressed beef at New York declined continuously during the last 3 weeks of June to levels below those early in May before the sharp advance in cattle prices occurred.

Cattle supplies during the next 2 or 3 months will be influenced to a considerable extent by developments in the feed situation. The area west of the Mississippi as a whole is facing one of the most serious feed situations on record. In most states in the area between the river and the Rocky Mountains pasture condition on July 1 was near a record low, the crops of small grain feeds were almost a failure, the hay crop was very short and the prospects for corn production as shown by the July 1 condition were among the poorest on record for that date. Adequate rainfall and moderate temperatures in July and August and a late fall can still change the corn outlook, but under the most favorable conditions the production of grain and forage in this area is certain to be short.

Range conditions and prospective feed production in the Mountain and Pacific States as a whole are somewhat more favorable than are comparable conditions in the States to the East, but in none of these States is the outlook very favorable and in some of them it is decidedly unfavorable.

With rapidly advancing grain prices and an acute feed shortage, possible widespread liquidation of cattle of all kinds during the next few months is not unlikely. With corn and cattle prices at present levels all the margin is taken out of feeding and many feeders who are faced with the choice of shipping their cattle or buying corn will take the former. At present prices for low grade cows neither dairymen nor beef cattle raisers can afford to buy high priced feed, so that heavy marketings of old cows may take place as long as the market will take them at some price over marketing costs.

BUTTER

The increase in butter production from April to May was somewhat more than the usual seasonal increase, but the low milk production per cow on July 1 indicates that the increase in June was probably less than normal. Butter prices in June averaged about the same as in May but about 30 percent higher than a year earlier. The movement of butter into consuming channels and retail prices indicate that consumer expenditures for butter in May were 8 percent larger than a year earlier. With the further depreciation in the dollar butter prices in England in terms of American currency have increased.

Creamery butter production in May was about the same as the large May production of a year earlier. The increase in production from the preceding month of 39 percent was somewhat greater than the usual increase of 34 percent. In the middle Atlantic States, May production was 27 percent larger than a year earlier but in the North Central States there was relatively little change from the preceding year.

Milk production per cow on July 1 as reported by crop correspondents of 15.3 pounds was the lowest on record for that date and 2.4 percent less than a year earlier. Milk production per cow on July 1 was 1.3 pounds less than on June 1. Ordinarily there is relatively little change in milk production per cow from June 1 to July 1. Hot dry weather in many of the important dairy states has tended to reduce production per cow. The percentage of cows being milked is about the same as a year earlier.

The price of 92-score butter at New York in June averaged 22.8 cents, slightly higher than in May but 5.8 cents or 34 percent more than the low point in butter prices reached a year ago. The half cent decline in the farm price of butterfat from May 15 to June 15 was about the same as the usual seasonal declines. At 19.7 cents the farm price was 84 percent of the 1910 to 1914 average for June.

The trade output of butter in May was 3.5 percent lower than in May 1932. Retail prices of butter in May, however, were 12 percent higher than a year earlier. These changes indicate that consumer expenditures for butter in May were 8 percent larger than a year earlier. This was the first month since October 1929, in which estimated consumer expenditures for butter were larger than in the corresponding month of the preceding year.

Cold storage holdings of creamery butter on July 1 of 106,400,000 pounds were 22,000,000 pounds more than a year earlier and practically the same as the record July 1 holdings in 1930. The net into-storage movement of butter in June of 72,000,000 pounds was about 30 percent more than in June 1932.

During the past month butter prices in London converted at the current rates of exchange have advanced 2 cents per pound. This rise in English prices in terms of American currency was due in large part to the depreciation in the dollar. On June 29 the margin between 92-score butter at New York and Danish butter in London was about 5 cents, while the margin for New Zealand butter was 10.7 cents. The Danish krone has depreciated more than the pound sterling. The official Copenhagen quotation June 29, converted at the current rate of exchange was 12.8 cents or 12.7 cents less than the New York price.

CHEESE

There was more than the usual seasonal increase in cheese production from April to May and May production was larger than a year earlier. Cheese prices in Wisconsin in June were 40 percent higher than a year earlier. Higher wholesale prices of cheese are being associated with somewhat higher retail prices. Consumer expenditures for cheese in May were about the same as a year earlier. With the rapid depreciation in the dollar in the past month the prices of cheese in London in terms of American currency have increased.

Cheese production in May of 56,100,000 pounds was 4.1 percent larger than a year earlier but 9 percent less than the record May production in 1930. May production was 55 percent more than in April. The usual seasonal increase between the same 2 months is about 40 percent. May production of American cheese in Wisconsin was 4.8 percent larger than a year earlier, while New York States production was 22 percent larger. On the Pacific Coast, production was lower.

Cheese prices in June on the Wisconsin Cheese Exchange (twins) averaged 12.0 cents, up 0.4 cents from May. Ordinarily there is relatively little change in prices from May to June. The June price was 3.4 cents or 40 percent higher than the low point of cheese prices reached a year ago, but 10 percent less than the 1910 to 1914 average for June.

Trade output of cheese in May was about the same as a year earlier, while retail prices were 1 percent less. These changes indicate that consumer expenditures for cheese in May were about 1 percent less than a year earlier. This was the smallest decrease from the corresponding month of the preceding year since August 1930.

Cold storage holdings of American cheese on July 1 of 67,400,000 were the second largest on record for that date. The net into-storage movement in June was approximately twice as great as in June 1932.

With the depreciation in the dollar the margin between domestic and English prices has tended to narrow. On May 25, the price of fresh single daisies at New York was 3.3 cents higher than the price of Canadian cheese in London in terms of American currency, while on June 29 the margin was only 2.1 cents. Imports of cheese in May of 5,500,000 pounds were 28 percent larger than in May 1932, but for the first 5 months of this year imports were 13 percent less than a year earlier.

EGGS

The market price of eggs remained relatively stable during most of June at a level somewhat below that of May. At the end of the month, however, a sharp curtailment of receipts, due largely to the hot weather, sent prices higher. The various inflationary forces may tend to keep prices rising during the rest of the year, whereas factors tending to prevent such a rise are the large storage stocks and the possibility of fairly heavy egg production this winter.

Prices of special packed mid-western eggs at New York averaged 16.2 cents a dozen in June compared with 16.4 cents in May and 17.2 cents in June 1932. Prices of firsts followed a similar course, averaging 13.3 cents in June. The farm price declined from 11.8 cents on May 15 to 10.1 cents on June 15. This is 60 percent of the 1910-1914 June average.

Receipts at the four markets during June were 1,512,000 cases compared with 1,454,000 cases a year ago and a 5-year average of 1,668,000 cases. Heretofore this season, receipts have been from 15 to 27 percent above those for corresponding months of the preceding year. This reduction is due very largely to the recent heat wave. Whether or not production will return to its previous seasonal level is uncertain.

Reports from commercial hatcheries indicate an increase of $6\frac{1}{2}$ percent in salable chicks hatched in the period January to June as compared with the same period of 1932. There is a strong possibility that unless poultry prices are favorable to the producer, the laying flocks this winter will be larger than last.

Cold storage holdings on July 1 were 9,366,000 cases compared with 6,339,000 cases a year before and a 5-year average of 9,020,000 cases. The quantity of eggs stored, as indicated by August 1 holdings, is of primary importance in determining fall and winter prices. In August 1932 holdings were 6,400,000 cases and prices were relatively high. In the 2 preceding years, August 1 stocks were about 10,000,000 cases and the subsequent prices were relatively low.

CHICKENS

The farm price of chickens declined from 10.4 cents a pound on May 15 to 10.0 cents on June 15 but is still higher than in the earlier months of the year. This is 84 percent of the 1910-1914 June average. A seasonal decline usually occurs during the last half of the year.

Receipts of dressed poultry at the four markets during June were 23,700,000 pounds compared with 20,200,000 pounds a year before and a 5-year average of 20,800,000 pounds. Part of this increase is due to the lateness of the season and part is due to a relatively high price for broilers, the storage stocks of this class being roughly 60 percent of those last year. While farm flocks are now being reduced to some extent, farm hatchings probably have been heavy. In view of this and the fact that commercial hatcheries report an increase in salable chicks hatched, over last year, receipts are likely to continue fairly heavy. Cold storage stocks of frozen poultry on July 1 were 42,756,000 pounds compared with 36,700,000 pounds a year ago and a 5-year average of 40,300,000 pounds.

LAMBS

Prices of lambs declined in June about as much as they advanced in May, the highest point during the 2 months having been reached during the first week in June when the top on lambs at Chicago reached \$8.65. At the close of the month the top was about \$7.50. During the first week in July prices again advanced to a top of \$8.25. The movement of lamb prices in June this year was not unusual since in at least 50 percent of the years prices are relatively high the first week in June and declined during most of the month. At the beginning of July lamb prices were still more than \$1.00 a hundred higher than a year earlier. Although dressed lamb prices at New York early in July were below those of a year earlier, wool prices were at least twice as high.

Receipts of lambs at seven leading markets in June were 12 percent smaller than in June 1932, 6 percent below the 5-year June average and the third smallest in 6 years. Inspected slaughter of 1,490,000 head, however, was only $2\frac{1}{2}$ percent smaller than the large slaughter in June 1932, and 14 percent above the 5-year June average.

The quality of the supplies during most of the month was fairly high, but during the last week in June and early July the receipts included an increasing proportion of light weight and poor quality native lambs coming from the drought areas. With pastures in many states short and dry at the beginning of July and feed prospects poor, a fairly heavy movement of poor quality native lambs from these states may occur during July and August.

Feed conditions on the higher ranges of the western sheep states, where a large proportion of the lambs summer, were fairly good on July 1 but lower ranges were very dry and fall range prospects were poor in many states. The late lamb crop in the western states was materially reduced by adverse weather during late April and early May and the percentage of lambs saved may be but little different from the small percentage last year.

The present prospect is for a poor outlet for feeder lambs in the Corn Belt this coming fall. With a serious shortage of feed of all kinds over most of the Western Corn Belt fairly certain and feed crop prospects none too good in the Eastern Corn Belt and with feed grain prices advanced to levels out of line with livestock prices, the demand for feeder lambs from both of these areas is apt to be poor. Little interest in feeder lambs to be fed in the western irrigated regions has as yet been shown and until the outcome of this year's crops is more certain, there is not apt to be much interest.

WOOL

Further advances were reported in domestic wool prices during June and early July and the domestic position has been strengthened by rising prices for wool in foreign markets and the decline in the exchange value of the dollar. Active trading and increased manufacturing activity were also reported from the principal wool manufacturing countries during May and June. The usual seasonal decline in activity appears to have been offset by a generally improved tone throughout the industry, stimulated by rising prices for raw material.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 75 cents a pound, scoured basis, the first week of July, compared with 68 cents a pound for the week ended June 10 and 45.5 cents when the advance began the middle of April. Territory 3/8 blood (56s) scoured basis, averaged 69 cents a pound July 8, compared with 61 cents the week of June 10 and 39.5 cents for the week ended April 15. Quotations on Ohio and similar fleece wool, grease basis, ranged from 23 to 34 cents a pound on the Boston market the first week of July. The United States farm price averaged 21.3 cents a pound on June 15 compared with 17.7 cents on May 15 and 10.1 cents on April 15. The average farm price on June 15, 1932 was 7.2 cents a pound. The farm price in June this year was the highest reported since April 1930.

The new series of sales at London opened July 4 with prices in English currency 15 to 25 percent above the May closing levels. Owing to the depreciation in the exchange value of the dollar, prices expressed in United States currency show a greater advance. Competition was reported to be good and prices remained very firm during the first week of the sales.

Consumption of combing and clothing wool by United States manufacturers reporting to the Bureau of the Census in May was 62 percent greater than in April and was almost three times as large as in May 1932. Mill activity is reported to be greater for this season of the year than at any time in the past 10 years. The rapid advance in wool prices and the higher manufacturing costs expected under the new industrial program have led to an earlier placing of orders and to some replacement of stocks which had been allowed to fall very low. Consumer incomes have been low for the past 3 years and replacement needs for clothing and other textile needs are large. Developments in the domestic industry in the

near future will, therefore, depend in part, upon the progress of the new Industrial Recovery Act and on measures designed to increase consumer purchasing power.

Receipts of domestic wool at Boston from January 1 to the end of June were estimated by the New York Wool Top Exchange Service at about 90,000,000 pounds compared with 58,000,000 pounds to the end of June last year and about 107,000,000 pounds for that period in 1931. Receipts this year to date are considered good in view of the late shearing caused by cold and wet weather. Marketing last year was much later than usual. Wool is reported to be moving quickly through the hands of dealers and much of the new clip is said to be moving directly to the mills. July is generally the month of heaviest receipts at Boston. Imports of combing and clothing wool remain very small. The rise in prices of foreign wools and the fall in the exchange value of the dollar has checked the interest in purchases for importation.

Recent reports of unfavorable weather conditions in our Western Range States and in important sheep areas of Australia are expected to affect the 1933 clip in those countries adversely. Owing to heavy losses in the late spring, the combined losses during the winter and spring months in the United States are now reported to be above average. The preliminary estimate of the 1933 Australian clip to be shorn during the last few months of this year, indicates a material reduction from the unusually heavy production of the last 2 years. Conditions in the Union of South Africa point to a further reduction in that country in 1933. In Argentina, Uruguay and New Zealand conditions appear generally favorable for carrying sheep through the winter months (June - August) although no estimates of the coming clips are as yet available.

Exports of wool from the principal countries of the Southern Hemisphere for the 1932-33 season will probably constitute a record with very little wool left over into the new season beginning July 1 in Australia, New Zealand and the Union of South Africa, and beginning October 1 in Argentina and Uruguay.

COTTON

During the first half of June cotton prices in the ten markets were slightly above 9 cents per pound, whereas so far in July they have averaged above 10 cents per pound, and on the eleventh of July were 11.38 cents. This was the highest price reported in these markets since August 1930, which compares with an average of about 5½ cents during the first part of July last year, and the low point of this season of 5.45 cents reached December 5. Most of the price change during the past month has been due to the depreciation in the value of the American dollar. At Liverpool American Middling in terms of British currency was only slightly higher during the first part of July than during the first part of June. Prices in domestic markets when reduced to a gold basis, averaged, during the first part of July, only 1 percent above the first part of June, whereas prices in terms of the dollar showed an increase of 15 percent. During the past few months, however, cotton prices in terms of gold have shown an advance of about 19 percent, whereas in the terms of the dollar the advance amounted to 63 percent. The advance in terms of gold which has occurred during the past few months has been as a result of improved economic conditions, particularly in the textile industry, in part to the anticipation

of a reduction in this year's production through the efforts of the Agricultural Adjustment Administration, and in part to the anticipation of continued inflation.

The Crop Reporting Board estimated that on July 1 there were 40,798,000 acres of cotton in cultivation in the United States. This represents an increase of 11.6 percent over the acreage in cultivation on July 1 last year, and is 4.3 percent greater than 1931. This acreage estimate is, however, 11.3 percent less than the record acreage planted in 1925 and 1.5 percent less than the 5-year average, 1928-1932. Speculators had apparently already discounted the Government report for it had little effect on the cotton market. All of the cotton producing states showed increases over the acreage in cultivation on July 1, 1932. In Oklahoma and Texas the increases were 30 percent and 16 percent respectively whereas in Mississippi the increase amounted to only 1 percent. These acreage estimates related, as in the past, to the acreage in cultivation on July 1. They were not affected by the reduction in acreage that may be made under the Agricultural Adjustment program.

While weather conditions have in most sections of the belt been rather favorable in the past few weeks, there are still large areas in Texas and Oklahoma which are greatly in need of rain. Since the winter rainfall in Texas and Oklahoma was considerably below what is considered desirable, the small amount of rain which has occurred during the past month indicates yields in these regions will probably be small. On the other hand, the extremely hot weather which existed throughout most of the Cotton Belt during June afforded rather effective control of the boll weevil.

Domestic cotton mill activity continued to increase during June, with total consumption for the month amounting to 696,000 running bales. This was more than twice the amount consumed during June last year, was $3\frac{1}{2}$ times the low level of last July, and was the largest for any month on record, exceeding by 3,000 bales the previous record established in March 1927. This brings total domestic consumption for the 11 months of the season to 5,535,000 bales. During the like period last season consumption amounted to 4,587,000 bales. Reports indicate that activity has continued at these high levels so far in July although sales of textiles during recent weeks have apparently been running below the large output. Part of the heavy production during the past $2\frac{1}{2}$ months has been attributed to the uncertainties as to the rate of activity which will be allowed under the terms of the National Industrial Recovery Act. It is expected that under this Act activity will be curtailed somewhat. Cotton consumption in foreign countries during June apparently continued about unchanged although on the whole, foreign spinners have recently witnessed, a slowing-up in textile sales.

Total exports of American cotton during June amounted to about 615,000 running bales compared with 360,000 bales exported in June last year, 255,000 bales in June 1931 and were the largest for the month since 1919. The total exports for the 11 months ended June 30 amounted to 7,727,000 running bales compared with 8,258,000 bales during the like period last year. During the first half of July exports have been running considerably above a year earlier, so that the chances are that the season's exports will not be as much as 500,000 bales below the 8,708,000 bales exported in 1931-32.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/					1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	93	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	73	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	76	42	61	62	92	63	67	62	3.09	82
June				64					1.91	94

1/ Federal Reserve Board Indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909 - July 1914 = 100.
3/ Bureau of Labor Statistics Index.
4/ Weighted average of indexes for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones Index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release August 15, 1933

THE PRICE SITUATION, AUGUST, 1933

FARM PRICES

Market prices indicate that the general level of prices received by farmers is now lower than in mid-July. Prices of grains, cotton, and butter are considerably lower and prices of hogs and several other farm products are somewhat lower than a month ago. Heavy marketings continue to depress livestock prices and indications are that market supplies of cattle and hogs will be unusually heavy during the next few months.

Farm income from livestock marketings in July was lower than in June, but considerably higher than in July last year. Lower cattle prices this year were more than offset by larger marketings. Higher prices and a larger volume of hog sales nearly doubled the farm income from hogs in June compared with a year earlier. Hog marketings and income therefrom dropped considerably from June to July this year in contrast to an increase from June to July last year. Farm income from marketings of butter, eggs, and poultry in July was in each case a little lower in June, but considerably higher than in July 1932.

The Bureau of Labor Statistics index of market prices of farm products declined from the recent high of 88 percent of the 1910-1914 average for the week ended July 22 to 82 for the week ended August 5. The Annalist index of farm product prices, which includes a larger proportion of speculative commodities, declined from 100 percent of the 1913 average for the week ended July 18 to 90 for the week ended August 8.

The general level of farm prices in mid-July was 76 percent of the 1910-1914 average compared with 64 for June, 49 at the low point in February, and 57 in July 1932. All farm products in the index advanced in price from June to July, except beef cattle and apples, which registered slight declines.

Prices paid by farmers also advanced, but not nearly as much as the prices they received. The exchange value of farm products for the things farmers buy advanced to 72 percent of the pre-war average in mid-July, compared with 62 in June, and 53 in July 1932.

WHOLESALE PRICES

The decline in prices of farm products and foods soon after the middle of July resulted in a slight drop in the Bureau of Labor Statistics weekly index of wholesale commodity prices, in spite of rising prices for most nonagricultural commodities. The combined index for the week ended July 22 was 102 percent of the 1910-1914 average, the highest since November 1931.

The net advance in prices during July was most pronounced in the case of textiles, hides and leather, building materials, foods, and fuel and lighting," in the order named. Prices of all the ten sub-groups, except chemicals and drugs, registered a net advance in July. The advance in prices of nonagricultural products was about equal to the net advance in farm products during the 5 weeks ended August 5.

The Annalist index of wholesale prices advanced from 100 percent of the 1913 average for the week ended July 3 to 107 for the week ended July 18, followed by a drop to 102.5 and a subsequent recovery to 103 for the week ended August 8. In terms of gold this index declined to 73 for the week ended July 25, recovered sharply to 77 the next week, and then dropped to 76 for the week ended August 8.

The combined index of wholesale prices in eight foreign countries taking about 75 percent of our agricultural exports was 68 percent of the 1926 average for June compared with 66 at the low point in April, and 67 in June 1932. In terms of the dollar this index advanced from 54 in March to 66 in June. Crump's index of wholesale prices in England for the first week in August was slightly lower than the average for July. Wholesale prices in Italy declined a little in July, thus nearly offsetting the June advance.

BUSINESS CONDITIONS

Business activity during the month since mid-July has been characterized by a slowing up of the upward trend in many lines of production and by the putting into operation of the National Industrial Recovery Act. Some slowing up of business activity at about this time was generally expected, especially after the very rapid advance in recent months. A continuation of the present level of activity or of further improvement depends on the increased movement of goods into consumption, revival of building, and the extent of replacements and repairs by railroads and other industries.

The Federal Reserve Board's index of industrial production advanced from 77 in May to 89 in June, the highest level since September 1930. In June, the production of textiles, boots and shoes, and tires was at or near record levels and activity increased sharply in most other lines. Early in July, however, the sharp upswing was halted in most lines of production and in some instances slight recessions occurred. Automobile production was well maintained in July and was the largest for that month since 1930, but output declined somewhat the first week of August. Under the stimulus of automotive demand steel production has been maintained at approximately the level reached early in July. Several other measures of industrial activity, notably, car loadings, electric power production, lumber production, and cotton forwardings have also shown some recession since the middle of July.

Construction continues at unusually low levels. After showing some improvement in May and June, contracts awarded declined during July, and were only about two-thirds as large as in July last year. Takings of steel by the railroad industry were also small.

Employment and payrolls have continued to improve. The Federal Reserve Board Index of factory employment increased from 60.6 in May to 64.8 in June and the index of payrolls increased from 41.6 to 46.1 from May to June. Preliminary information for July indicates further increases in employment and payrolls from June to July.

Retail sales have increased only slightly since April. The Federal Reserve Board's Index of the value of department store sales reached the low point of 57 percent of the 1923-1925 average in March of this year. In April the index advanced to 67, remained unchanged for May, and then advanced to 68 for June. The preliminary index of department store sales for July this year is 69 compared with 65 in July last year. Fairchild's index of retail prices of commodities handled by department stores reached the low point of 69.4 in May 1933 and then advanced to 72.3 in July, indicating that most of the increased value of sales since May was due to advancing prices rather than increased volume of sales. Retail sales of automobiles increased sharply in May and June but showed a small seasonal recession in July.

Industrial activity in foreign countries changed but little from June to July. There were further increases in tariff or import restrictions in France, Germany, and the Dutch East Indies. A public-works program to reduce unemployment is under way in Germany.

The usual sequence of developments in production and consumption of commodities in a long period of depression is that inventories eventually need replacement, thus stimulating production. Increased industrial activity including the transportation of goods increases employment and payrolls thus giving the consumer additional purchasing power. Increased purchases by consumers encourage merchants to place further orders. Thus, the upward phase of a business cycle begins. As improvement continues and industrialists see the prospects of making profits, repairs and improvements in plant and equipment are made in order to provide for the increased activity. Building is further stimulated by the construction of new homes and making repairs and improvements.

The past 4 months have been a period of building up of inventories and has been accompanied by only a moderate improvement in retail sales, the most notable of which has been the increase in retail sales of automobiles. Consequently, industrial activity is entering a test phase of the business cycle. Should consumer purchasing continue to increase in the next few months and thus stimulate the movement of goods from producer to retailer, and later be supplemented with increased construction and replacement, further improvement in general business conditions may be expected. The establishing of the code system under the National Recovery Administration to increase employment and payrolls and the public works program to increase construction have been inaugurated to encourage business through this test period. The extent to which this program succeeds in providing purchasing power for consumers will determine, in a large measure, the extent of the increase in the consumer demand for farm products. Prices paid by farmers have been advancing since March so that any increase in farm income will be partially offset by higher prices for things farmers buy.

WHEAT

The wheat surplus of the United States has been materially reduced by the short crops of wheat and other grains. Although the new wheat crop is considerably less than what is usually consumed in the United States and the carry-over about the same as a year ago, there is a surplus for export after providing the usual amounts for consumption and a normal carry-over. Wheat prices in the United States have been so high relative to those in foreign surplus-producing countries that on several occasions in the past month the price margin between some important markets appeared to be about sufficient for importing over the tariff wall. World wheat prices have risen relatively little in the past few months except as measured in terms of currencies which have depreciated. Short crops both in Canada and in the United States have reduced the world production for the present season, but the world's carry-over of wheat is very large and the level of world acreage still very high.

The United States average farm price of wheat as of July 15 was 86.9 cents per bushel compared with 58.7 cents the previous month and 35.6 cents in July 1932. At Kansas City No. 2 Hard Winter wheat averaged 98.0 cents per bushel during July compared with 75.9 cents for June, and 44.9 cents in July 1932. The highest daily average price of No. 2 Hard Winter was reached on July 17 at 112.9 cents per bushel, while the highest weekly average was that for the week ended July 22, when cash sales of No. 2 Hard Winter averaged 105.6 cents. For the week ended July 8, the average was 98.2 cents and for that of August 5, 91.7 cents per bushel.

Changes in the relative prices of the different classes of wheat have been of small significance as compared with the day-to-day changes in wheat price levels. Perhaps the most significant of the former has been a strengthening of durum wheat compared with hard spring. During June, No. 2 Amber Durum at Mineeapolis averaged about 7 cents per bushel lower than No. 1 Dark Northern Spring. For the first week of July, it was only about 2 cents lower, while by the first week of August it had risen to 4-1/2 cents higher. This appears to reflect the extreme shortness of the durum wheat crop, together with the fact that it is less satisfactory to substitute hard winter wheats for durum than it is to substitute hard winter wheats for hard spring. The new crop of all classes of wheat except white, is smaller than the usual domestic utilization for seed and food.

Considerable light on the United States wheat price situation may be had from a comparison of prices of futures at Chicago and at Liverpool now with their prices at the beginning of March. On the first trading day of March the approximate value of the British pound in terms of United States currency was $3.40, and on that day July futures at Liverpool and Chicago were at approximately the same level, 48 cents per bushel. On August 11, December futures at Liverpool were about 57 cents per bushel, when converted at the exchange rate of $3.40 but when converted at the current rate of exchange they were 75-1/2 cents per bushel. On the same date Chicago December futures closed at 98-1/2 cents per bushel. From this it may be seen that though Liverpool futures have risen only about 10 cents per bushel in terms of the exchange rates prevailing March 1, they have risen nearly 30 cents per bushel in terms of the current exchange rates and Chicago futures are approximately 50 cents per bushel higher than they were on March 1.

The official crop report as of August 1 indicates a total production of 500,000,000 bushels compared with 726,000,000 last year. Data on United States wheat carry-over are now available for all positions, and the carry-over is indicated to be approximately the same as it was last year, the total being 386,000,000 bushels compared with a revised figure of 382,000,000 bushels as of July 1, 1932. Total supplies available for the 1933-34 season are consequently indicated to be 886,000,000 bushels compared with 1,108,000,000 bushels a year earlier.

Canadian supplies are also smaller than they were last year due to the marked reduction in the Canadian crop. The July 1931 condition of the Canadian spring wheat crop is reported to be 57 percent of normal and the area of spring wheat is officially placed at 25,987,000 acres. The official condition suggests a yield of about 9-1/2 bushels per acre for spring wheat, and on the total area this would result in a crop of about 250,000,000 bushels. The winter wheat crop of Canada is estimated at 14,143,000 bushels. Correlations of Canadian yields with weather conditions indicate a probable crop somewhat larger than that indicated by the official figures on condition. In view of both correlations with weather and the reported condition of the crop, a total harvest of from 260,000,000 to 300,000,000 bushels seems probable.

A carry-over of 212,000,000 bushels, plus a new crop of 280,000,000 bushels, would result in total Canadian supplies of 492,000,000 bushels or approximately 100,000,000 bushels smaller than was available for the 1932-33 season. Combining these total supplies for the United States and Canada, together with bonded stocks in the two countries, indicates total supplies for the two countries of about 300,000,000 bushels less than was available last year.

Present indications are that wheat crops of other countries in the Northern Hemisphere will total somewhat larger this year than last, but the increase in other countries will not be nearly sufficient to offset the reduction in the North American crop. Estimated production in 40 countries which include all of the large wheat growing countries of the Northern Hemisphere except Russia and China total 2,918,000,000 bushels for the current year compared with 3,225,000,000 in 1932. Russia is expected to have a slightly larger crop than the short crop harvested last year, but present indications do not point to the likelihood of large shipments from that country during the 1933-34 season.

The carry-over as of July 1 in the four principal exporting countries plus United Kingdom port stocks and quantities afloat is estimated at 782,000,000 bushels compared with 698,000,000 a year earlier. Reports also indicate unusually large stocks in France and stocks larger than a year ago in the Danube Basin. These increases in the world carry-over will in part offset the decreases in the Northern Hemisphere crop.

One of the principal uncertainties as to the future of wheat prices in the United States lies in the exchange rate situation. At the rate of exchange prevailing on August 11 (about $4.50) it would seem likely that prices of wheat at Liverpool during the remainder of the current season would average somewhere in the vicinity of 75 to 85 cents per bushel. What the prices will be when converted at the actually prevailing rates of exchange is more uncertain, however, in view of the suspension by the United States

of gold payments, and the provisions which have been made permitting the revaluation of the dollar. Due to this year's short crop of wheat in the United States, prices at Chicago may remain above Liverpool prices throughout most if not all of the season. As the season progresses, however, the prospects for the 1934-35 crop year will become increasingly important, and United States prices will be affected by the prospects for the disposal of any surplus su plies which may be available in the 1934-35 season. In this connection, the progress of the program to reduce wheat acreage under the Agricultural Adjustment Administration is of special significance. If there is likely to be an exportable surplus during the 1934-35 season, and if United States prices are likely to be on an export basis, prices during the latter part of the current season will be especially subject to influences which affect the outlook for Liverpool prices during the following season.

CORN

Corn prices mounted rapidly during the first half of July, but declined precipitately for 2 days to a point nearly as low as their mid-June level. They then recovered a considerable part of the decline and in the past 2 weeks have averaged about the same as during the last week of June. While a very short crop of corn is indicated by July 1 conditions, stocks of old corn, especially commercial stocks, were extremely heavy for this time of year and only a moderate industrial utilization is to be expected.

The United States average farm price of corn as of July 15 was 55.4 cents per bushel compared with 40.2 cents a month earlier, and 29.9 cents in July of last year. At Chicago, No. 3 Yellow averaged 55.8 cents per bushel for July, the highest weekly average price was that for the week ended the 15th of July and was 61.6 cents per bushel. For the week ended August 5, the average declined to 48.0 cents per bushel which was slightly below the average of 49.9 cents for the week ended July 1.

The August crop report places the probable production at 2,273,000,000 bushels compared with 2,876,000,000 last year, and an average of 2,512,000,000 for the 5 years 1926 to 1930. This year's crop promises to be only 215,000,000 bushels larger than the short crop of 1930. Supplies of other feed grains are also short due to small production. The oats crop is now indicated to be 667,000,000 bushels compared with an average of 1,190,000,000 bushels, and the barley crop is only 158,000,000 bushels compared with an average of 264,000,000 bushels for the 5 years 1926 to 1930.

Receipts of corn at primary markets have continued heavy for this time of year. July receipts amounted to 46,435,000 bushels compared with 7,306,000 in July of 1932 and an average of 17,037,000 bushels for the 5 Julys, 1928 to 1932 inclusive. Commercial stocks of corn have been mounting rapidly in recent weeks contrary to their usual seasonal trend. At the close of the week ended August 5 they amounted to 64,268,000 bushels compared with 38,779,000 bushels 2 months previous. The present level of corn stocks is the highest on record for this time of year.

With corn prices very high relative to livestock and livestock products, purchases of cash corn by feeders may be restricted, but poor pastures and short crops of feed grains in many areas have greatly increased the need for purchased feeds. The amount of corn to be fed however, will depend largely upon numbers of livestock, especially of hogs. Corn prices will, of course, also be dependent upon monetary and business conditions. A part of the reason for the downward tendency of prices of grains during the latter part of July is apparently to be found in the strengthening of the dollar relative to foreign currencies.

TOBACCO

Flue-cured, Types 11-14

The 1933-34 marketing season for flue-cured tobacco opened August 1 in the Georgia-Florida Belt (Type 14). Auction sale prices for the first week averaged 13.2 cents per pound compared with 10.2 cents for the corresponding week a year ago, according to state reports. Markets in the South Carolina Belt (Type 13) opened August 10, with prices averaging around 13 cents per pound, or about in line with those in Georgia. Prices for the medium to lower grades are much better than for either of the past 2 seasons, but prices for the better grades are lower. That is, the price spread between the domestic cigarette grades and other grades has been reduced. This may be due partly to, (1) an improvement in the foreign demand for medium to lower grades and a weaker domestic demand for the better grades, (2) the relatively good quality of the 1933 crop resulting in a larger proportion of the better grades. Quality this year is reported to be average or above in most sections, and it appears to be a considerably better crop than that of either of the past 2 years.

The total world supply of United States flue-cured tobacco for the 1933-34 season is estimated at about 1,600,000,000 pounds (storage order 1/), or approximately the same as the supply of a year earlier. The 1933-34 supply in the United States is around 6 percent larger than in 1932-33, but about 9 percent smaller than the 1927-28 to 1931-32, 5-year average supply. Domestic consumption apparently showed a further small decline during the past year, and exports declined to the lowest point in the last 8 years. Consumption in foreign countries, however, apparently exceeded imports and foreign stocks are estimated to have been reduced about 50,000,000 pounds during the year. Stocks in the United States were reduced about 165,000,000 pounds, due to the unusually small 1932 crop. The August 1 estimate of the 1933 flue-cured production was 622,800,000 pounds, or equivalent to approximately 548,000,000 pounds of redried tobacco. This is 67 percent above the 1932 crop, when production was so greatly curtailed because of the loss of plants and poor growing conditions, but it is smaller than any other crop since 1926.

For a number of years, more than half the total production of flue-cured tobacco has been consumed in foreign countries. Recently, foreign consumption of this tobacco has been declining at a more rapid rate than domestic consumption, due to reduced foreign purchasing power, increasing trade restrictions, and substitutions of foreign-grown leaf. The future effect of these factors cannot be measured but in view of the reduction in foreign stocks it appears possible that export buying for the coming season may show some increase over the low levels of the past 2 years. Exchange rates are favorable for exporting.

1/ After reducing the forecast of production for 1933 by the amount of 12 percent, the estimated loss due to redrying.

Domestic consumption is influenced to a great extent by the rate of activity in industrial centers and the buying power of the general public. During the past 2 months the factory production of cigarettes has been at a record level, due in part probably to the need for replenishing stocks but in part no doubt to an anticipated increase in consumption. The total cigarette production, as indicated by tax-paid withdrawals reported by the Commissioner of Internal Revenue for the year ended June 30, 1933, was 109,400,000,000 cigarettes, or 3 percent larger than for 1931-32. Manufactured tobacco, which represents the other domestic outlet for flue-cured tobacco, has also shown some increase during the past 2 months. However, the total output for the year ended June 30 was approximately 4 percent less than the total for 1931-32. Thus, in terms of leaf tobacco equivalents, the increase in cigarettes during the past year was hardly sufficient to offset the decrease of manufactured tobacco. The consumption of flue-cured tobacco probably declined more than would be indicated by these figures, due to the relatively greater decline in the consumption of higher priced cigarettes.

POTATOES

A continuation of the drought coupled with intense heat during July in many of the Northern States has reduced potato prospects for the United States as a whole. The August 1 condition of the crop is the lowest on record in the Ohio Valley States and total United States production was forecast on August 1 at 293,000,000 bushels or 18 percent smaller than the 1932 crop. For the 18 surplus late states only 208,000,000 bushels is now indicated compared with 250,000,000 bushels produced last year, which was about an average crop. For the 12 other late states, 28,000,000 bushels are forecast against 42,000,000 bushels in 1932. In the intermediate potato states, where the movement of the commercial crop to market is now rapidly being completed, the estimate is 26,000,000 bushels compared with 35,000,000 bushels last year. In contrast to the greatly reduced potato production this year that of sweet potatoes is 4,500,000 bushels larger than the 1926-1930 average of 62,483,000 bushels, but about 11,500,000 bushels less than in 1932.

Although reduced supplies of potatoes are in immediate prospect the volume of car-lot shipments during recent weeks has held up to approximately the same level as in 1932 with the total number of cars of the 1933 crop moved to August 5 slightly larger than that on the corresponding date last year. Despite the larger shipments, potato prices in central markets have averaged more than double those of 1932. At New York, l. c. l. prices to jobbers averaged $2.38 per 100 pounds for the first week in August compared with $2.82 for the first week in July and $1.06 a year previous. At Chicago potato prices rose steadily from $1.60 per 100 pounds for the week ended May 20 to $3.19 for the week ended July 15 and have since declined slightly to $2.93 during the week ended August 5. A year ago the Chicago prices averaged only $1.08 per 100 pounds.

The average United States farm price in mid-July was 97.9 cents per bushel compared with 49.4 cents on June 15, 48.8 cents in July 1932 and 81.5 cents for the 5-year pre-war July average.

F. o. b. prices of New Jersey cobblers averaged $2.25 per 100 pounds for the first week in August or slightly below the prices of the previous week. The Eastern Shore of Maryland season was completed during the last week in July and the season f. o. b. prices averaged $4.39 per barrel compared with $1.54 in 1932. The Kaw Valley Kansas - and the Missouri season also closed in July. Season f. o. b. cash track prices in these sections averaged $2.32 and $2.39 per 100 pounds respectively compared with 56 and 80 cents last year.

With the prospective supply of late potatoes in the country as a whole very much like that of the short 1925 crop and with improved demand conditions the potato price outlook for the coming fall and winter is unusually favorable. During the 1925 season shipments were exceptionally heavy, in September and October, and central market prices declined temporarily to unduly low levels. If marketings are more evenly distributed this fall and winter a repetition of the 1925 September - October decline and the subsequent spring peak in prices may be avoided.

RICE

Rice prices continued to advance during July and early August. At New Orleans Fancy Blue Rose averaged $2.80 per 100 pounds for July and was quoted at $3.15 on August 12. At San Francisco Fancy California-Japan averaged $3.37½ for June and about the same for August 12. Prices of new crop rough rice in the Southern Belt were reported to be about $2.70 per barrel for early prolific on August 12 compared with $1.35 a year earlier. The 1909-1914 average price was about 25 cents per barrel above that on August 12.

Southern Belt

The supply of both new and old rice now in prospect for 1933-34 totals about 8,774,500 barrels (31,588,200 bushels) compared with 10,617,000 barrels (38,220,000 bushels) for 1932-33 and an average for the last 5 years of 10,673,000 barrels (38,422,800 bushels). Stocks of both rough and milled rice in all hands (carry-over) on August 1 were equal to 950,000 barrels compared with a carry-over a year earlier amounting to 1,640,000 barrels, and an average of 870,000 barrels for the last 5 years. The southern rice crop based on conditions as of August 1 was forecast as 7,822,500 barrels (28,161,000 bushels).

Sales of southern rice during the 1932-33 crop year totaled about 977,000,000 pounds compared with 966,000,000 for 1931-32 and an average of 991,000,000 pounds for the last 5 years. Disappearance of southern rice in continental United States was somewhat larger than the average for the last 5 years. Shipments to Puerto Rico were about 20,000,000 pounds larger than last year and considerably larger than average, but exports during 1932-33 were about 75,000,000 pounds below those of the previous year and about as much under the average of the last 5 years. Thus it appears that total sales of southern rice during 1932-33 were maintained at about average levels in spite of the drastic decline in exports. Present conditions indicate that the export prospects for 1933-34 are not much better than those of last year. The supplies of southern rice now in prospect, however, are only about equal to the average domestic disappearance (including shipments to Puerto Rico) of the last 5 years.

California

Stocks of rice in California as of August 1 are not available but trade reports indicate that they were very small. August 1 conditions indicate a crop of about 6,000,000 bushels which is about 1,000,000 smaller than that of last year and about 1,500,000 below the average of the last 5 years. Exports of California rice during the crop year ended July 31 were very small but about equal to those of the year before. Shipments of California rice to Hawaii in 1932-33 were about the same as those of the year before but about 5,000,000 pounds larger than the average of the last 5 years. Thus it appears as though the crop in California may be about equal to the average domestic disappearance, including shipments to Hawaii and Puerto Rico.

HOGS

Hog prices were fairly steady during July. Slaughterings declined seasonally from June but they were the third largest on record for the month. Relatively high temperatures tended to check pork consumption. Consequently, the volume of hog products placed in storage was unusually large and the total on August 1 was the largest for that date in 5 years. These large stocks may tend to prevent the seasonal fall advance in hog prices. The hog-corn price ratio has dropped to near record low levels. This unfavorable feeding relationship between corn and hog prices may result in some liquidation of hogs this fall, but total slaughter during August and September is not expected to be much larger than the relatively large slaughter in those months last year.

Hog prices rose slightly during the first 3 weeks in July but the advance was lost late in the month, and the average of $4.06 at Chicago during the second week in August was the lowest since the first week in May. The average price at Chicago in July was $4.41 per 100 pounds compared with $4.51 in May, $4.49 in June, and $4.58 in July last year. As a result of higher prices and increased marketings, the total amount of money paid for hogs slaughtered under Federal inspection during May, June and July this year was about 55 percent larger than in those months in 1932.

Hog slaughter under Federal inspection during July, amounting to 3,914,000 head, was 39.7 percent larger than in July 1932 and was the third largest on record for the month. Because of relatively heavy average dressed weights, total pork and lard production was not greatly different from the record July production of 1924. The total dressed weight of hogs slaughtered in the 3 months from May to July was about 30 percent larger than in those months last year. This made up for the deficiency from October to April, and the total production of pork and lard during the first 10 months of the current hog marketing years was about the same as that in the corresponding period a year earlier.

Although hog prices in mid-July were not greatly different from those in mid-June, corn prices rose rapidly in the interim and the hog-corn price ratio based on farm prices as of July 15 was the lowest for any month since July 1924 and was the third lowest on record. The July 15 ratio in the Corn Belt States was 7.9 compared with 11.7 on June 15, and 16.3 on July 15, 1932. Although corn prices have declined relatively more than hog prices since July 15 the ratio still remains much below average.

Wholesale prices of light loins advanced steadily during July at both New York and Chicago and such loins in the first week in August brought nearly $2.00 per 100 pounds more than in early July. Prices of heavy loins and butts and shoulders, however, did not share in this advance, holding about steady. Prices of most cuts of cured pork at Chicago reached their summer highs during the week ended July 1, after advancing almost continuously since early February. They declined steadily through July and the first week in August. Prices of most cuts of cured pork at New York have shown very little change since early June, but prices of "picnics" have been declining recently. Lard prices at both New York and Chicago have declined from their July highs, but the monthly averages were higher in July than in June. The composite wholesale price of hog products at New York averaged $11.18 per 100 pounds in July compared with $11.20 in June and $12.40 in July last year.

United States exports of pork during June, amounting to 14,000,000 pounds, were 18 percent larger than in June last year and were the largest for any month since July 1931 but they were 37 percent smaller than the 5-year average for June. Lard exports, totalling 38,000,000 pounds, were 17 percent smaller than in June 1932 and 20 percent smaller than the 5-year average for the month. Much of the reduction in lard shipments was the result of the high German import duty. Another increase in this duty became effective July 18, and at the current rate of exchange the duty is now equivalent to about 15½ cents a pound. Shipments of pork and lard from the principal ports during July were not greatly different from those in July last year.

Storage accumulations of hog products have been relatively large since April and on August 1 storage holdings were equivalent to about 6,400,000 hogs. Pork stocks on August 1 totalling 808,000,000 pounds were 26 percent larger than those of a year earlier and 11 percent larger than the 5-year average for that date. Lard stocks, amounting to 218,000,000 pounds, were 80 percent larger than those of a year earlier, 42 percent larger than the 5-year August 1 average, and the largest on record.

The strong storage demand of the last few months which resulted in the great accumulation of stocks accounts largely for hog prices being fairly well sustained during May, June, and July when hog marketings were extremely large. These stocks, however, may tend to prevent any seasonal advance in hog prices during August and September. Drought conditions, relatively high corn prices, and plans for hog production control are factors in the present situation which may cause hog marketings during the next few months to be larger than was generally expected earlier in the year.

CATTLE

Cattle price movements in July this year were somewhat like those in July last year, but the level of prices was lower than that of a year earlier, reflecting the large increase in slaughter supplies. The rise at Chicago in prices of slaughter steers from their July low points to the high points of the month amounted to 68 cents on Choice and Prime grades, 61 cents on the Good grade, 60 cents on the Medium grade, and 36 cents on the Common grade. The rise in prices of slaughter cows ranged from 22 cents on the lower grades to 56 cents on the better grades. By the middle of August about half of the July advances on the better grades had been lost and all of the rise in the prices of the lower grades of both steers and cows had been canceled.

The average price of slaughter steers at Chicago in July was $6.01, compared with $5.79 in June, and $7.90 in July last year. Farm prices of beef cattle were $3.97 in July, $4.04 in June, and $4.52 in July 1932.

July was the third successive month that slaughterings of cattle and calves were considerably greater than in the corresponding month of 1932 and in other recent years. Cattle receipts at seven leading markets were about 10 percent larger than in July last year. Inspected slaughter increased 22.6 percent and was the largest for the month since 1926. Inspected slaughter of calves showed about the same relative increase as did cattle and was also the largest for the month in 7 years. The increase in beef and veal production from federally inspected slaughter during the 3 months, May to July over the corresponding period of 1932 amounted to nearly 220,000,000 pounds or about 20 percent. Much of the increase in cattle slaughter was in cows and heifers rather than in steers. Inspected steer slaughter in May and June was 50,000 head larger than in May and June 1932, an increase of 7 percent, whereas slaughter of cows and heifers in the same months was 137,000 larger, an increase of 28 percent. The number of steers sold at Chicago in July for slaughter showed about the same relative increase over the previous July as did total slaughter. The increase, however, was confined entirely to the good and medium grades, the increase in the former amounting to about 68 percent.

The increase in cattle and calf slaughter in recent months probably reflects in part the deterioration of pasture and the shortage and the high price of corn and other feeds as a result of drought over fairly wide-spread areas. It is not improbable that it also represents the beginning of the upswing in cattle slaughter that was expected to follow the increase in cattle numbers in this country that has been underway since early 1928. Indications are that total marketings of cattle during the next few months will be considerably larger than those of a year earlier. The estimated number of cattle on feed for market in the Corn Belt States on August 1 was about 13 percent larger than that of a year earlier and was not greatly different from the 5-year (1928-1932) average for that date. Increases are shown in nearly all states, but the increase was somewhat larger in the area east of the Mississippi River than for the area west of the River. The feed and pasture situation is very critical in several of the Western Range States and is causing some increased marketing of low grade stock which otherwise might be retained if pasture and feed conditions were average or better.

The proportion of total marketings this fall going into slaughter is likely to be larger than average, as reports from a large number of cattle feeders as to the probable number of feeder cattle they will buy during the next 5 months indicate that fewer cattle will be fed this coming fall and winter than were fed last fall and winter. Decreases are indicated in nearly all states, with the largest decreases in the States east of the Mississippi River where prospects for corn production about August 1 were much poorer than on that date last year and where cattle feeding was greatly expanded during the last 2 years.

BUTTER

Butter production is larger than a year ago, the movement into-storage has been heavier, and storage holdings are larger than a year earlier and about the same as the record holdings for August 1 in 1929. The movement of butter into consuming channels in June was less than last year. Butter prices reached a peak in mid-July and then declined sharply during the latter part of July and early August. The relatively large supplies, the decline in the movement into consuming channels, and the appreciation of the dollar, all contributed to the decline.

In the first 5 months of 1933 butter production was 1.7 percent less than in the same months of 1932. But in June the production of 200,000,000 pounds was 5.2 percent larger than a year earlier, and the largest production in any month on record. Even though there was this marked change in production compared with a year ago, the increase from May to June was only 7.6 percent compared with the usual seasonal increase of about 12.6 percent.

From early March to mid-July the trend of butter prices was upward. The price of 92-score butter at New York rose from 16.8 cents on March 3 to 26.0 cents on July 18. The seasonal trend of prices is usually downward in this period. The average price of 92-score butter at New York in July of 24.5 cents was 1.7 cents higher than in June and 6.3 cents or 35 percent higher than a year earlier. From July 18 to August 8 however, the price of 92-score butter at New York declined 20 percent.

The rise in butter prices from April to mid-July accompanied the depreciation of the dollar in foreign exchange and the rise in basic commodity prices. From July 18 to August 8 the dollar appreciated and the premium on gold declined from 46 percent to 35 percent, and basic commodity prices declined. The heavy production of butter and heavy stocks in storage also tended to depress prices.

The farm price of butterfat in mid-July of 23.0 cents was 60 percent higher than a year earlier. The farm price of feed grains on July 15, however, was 100 percent higher than a year earlier.

Milk production per cow on August 1 as reported by crop correspondents was 13.67 pounds, 1 percent larger than the low production of a year earlier. This increase in milk production per cow and the increase in the number of cows indicates that total milk production on August 1 was about 3 percent larger than on August 1, 1932.

The movement of butter into consuming channels in June was 4.7 percent less than a year earlier, in contrast with the 5.2 percent increase in production. Retail prices of butter in June were 17 percent higher than in June 1932. These changes indicate that consumer expenditures for butter in June were 11 percent larger than a year earlier.

With the increase in butter prices the into-storage movement has been heavy. Cold storage holdings on August 1 of [illegible],000 pounds, were about 40,000,000 pounds larger than 1 year previous and about the same as the record August 1 holdings in 1929.

CHEESE

Cheese production continues larger than a year ago. Storage stocks are about 25 percent larger than the relatively small holdings of a year ago, but are only slightly above the 5-year average. The movement of cheese into consuming channels in June was decidedly lower than a year earlier. Cheese prices on the Wisconsin cheese exchange have been relatively steady for the last 3 months.

Cheese production in June of 64,000,000 pounds was 5.1 percent greater than in June 1932. This was about the same percentage increase as had occurred during the first 5 months of the year. Even though June production was larger than a year earlier it was 5 percent less than the record June production in 1930. The increase in production from May to June of 15 percent was about the same as the usual seasonal increase.

The price of cheese (twins) on the Wisconsin Cheese Exchange in July was 12.0 cents, the same as in June but 3.1 cents or 35 percent higher than a year previous.

The into-storage-movement of American cheese from May 1 to August 1 was about 41,000,000 pounds compared with 25,000,000 pounds in the same period last year. Cold storage holdings on August 1 of about 83,000,000 pounds were 19,000,000 pounds or 30 percent larger than a year earlier but were only 4,500,000 pounds larger than the 5-year average.

The movement of cheese into consuming channels in June was 19.2 percent less than in June 1932. This change in apparent consumption was in marked contrast to the increase in production. Retail prices of cheese in June were 3.0 percent higher than a year earlier. These changes indicate that consumer expenditures for cheese were 16 percent less than in June 1932.

EGGS

The market price of eggs rose seasonally during July. Receipts continue above those of a year ago and storage stocks are large. Heavy, though late hatchings indicate a continued egg production above last year unless poultry prices stimulate an increase in marketings of chickens.

Prices of special packed mid-western eggs at New York averaged 19.4 cents a dozen in July compared with 16.2 cents in June and 18.3 cents in July 1932. Prices of firsts followed a similar course, averaging 15.2 cents in July. The farm price rose 3 cents in the month ended July 15 to 13.1 cents per dozen. This is 78 percent of the 1910-1914 July average, compared with a similar ratio for June of 60 percent.

Receipts at the four markets during July were 1,093,000 cases compared with 1,024,000 a year ago and 5-year average of 1,214,000 cases. Reports from commercial hatcheries indicate an increase of 9 percent over the corresponding period last year in the numbers of salable chicks hatched in the season January to June, and an 8 percent increase in deliveries for July or later. There is a strong possibility that unless prices are favorable for the sale of chickens, the laying flocks this winter will be larger than last.

Cold storage holdings of case eggs on August 1 were 9,503,000 cases compared with 6,400,000 cases a year ago and a 5-year average of 9,300,000 cases. Eggs are going into storage later this year than for several years past. Storage stocks at this time of the year greatly affect prices during the next 6 months. The relatively high prices of the fall and winter of 1932 and the low prices for the same period in 1930 and 1931 were all due largely to the low stocks of 1932 and the high stocks of the other years respectively.

CHICKENS

The farm price of chickens advanced a little to 10.4 cents a pound on July 15, contrary to the usual seasonal decline at that time. The July farm price was about 85 percent of the 1910-1914 July 15 average the same as for the last several months. Demand for chickens for storage appears to be stronger than a year ago.

Receipts of dressed poultry at the four markets during July were 21,700,000 pounds compared with 18,300,000 a year earlier and a 5-year average of 21,200,000 pounds. Farm hatchings have probably been heavy and since commercial hatcheries also report an increase over last year, receipts during the fall and winter are likely to continue above those of a year ago.

Cold storage holdings of frozen poultry on August 1 were 44,041,000 pounds compared with 31,500,000 pounds a year ago and a 5-year average of 39,200,000 pounds. The into-storage movement is starting earlier this year than last even though the hatching season was somewhat later. Last year was not an unprofitable year for storage operators and the demand to store this fall may be stronger than in 1932.

LAMBS

Prices of lambs were fairly steady during July. Some advance occurred during the first week of the month after prices had declined during most of June. This advance was maintained through the third week of July, when the top price of lambs at Chicago reached $8.60 per 100 pounds. Prices weakened somewhat during late July and early August and the top at Chicago declined to $8.00. The average price of lambs at Chicago for July was $7.81 compared with $7.50 in June and $6.22 in July last year. The higher level of lamb prices this year than last is due largely to sharp advances in wool and pelt prices during recent months, since prices of dressed lamb are lower than a year earlier.

Inspected slaughter of sheep and lambs, totaling 1,399,000 head, was only slightly larger than in July a year earlier, but it was the third largest slaughter for the month on record.

The 1933 lamb crop, estimated at 28,988,000 head, was 729,000 head or 2.5 percent smaller than the 1932 crop and was the smallest since 1929. Practically all of the decrease was in the Western States, where the lamb crop this year of 18,051,000 head was about 4 percent less than that of 1932. The reduction was the result of both a smaller number of breeding ewes and a decrease in the number of lambs docked per 100 ewes. Because of the smaller lamb crop in 1933, marketings during the remainder of the lamb marketing year which ends in May 1934 probably will be smaller than in the corresponding period a year earlier.

Range conditions have been poor this season because of the drought prevailing in large areas of the West. The condition of ranges and the condition of sheep and lambs on August 1 with the exception of 1931 were the lowest for that date in the 10 years for which records are available. Production of feed grains, hay, and other forage crops over most of the western region probably will be short this year. In view of these unfavorable range and feed conditions it seems probable that the proportion of lambs marketed in feeder flesh will be much larger than last year when it was below average and that marketing of western lambs during the coming fall probably will be earlier than last year. Even with increased rainfall during the next few months the western sheep industry is facing a winter of poor range and short feed supplies and relatively high prices for all kinds of feed. If conditions during these months should continue unfavorable, the feed situation for the coming winter might be as bad as, or worse than, that of 1931.

The estimated lamb crop in the native sheep states of 10,947,000 head was only slightly smaller than the crop of 1932. A somewhat larger than usual proportion of the native lambs were dropped early and marketings of such lambs before August 1 were heavy. Inspected slaughter from May to July was slightly larger than last year, despite the relatively small market movement of lambs from Idaho, Oregon, and Washington this year. Although pasture conditions on August 1 were the poorest on record for that date, from Ohio westward and south-westward, shortage of feed apparently had caused little forced shipment of native lambs up to the end of July. The native lambs marketed thus far this season, however, have averaged lower in quality than those sold last summer. Supplies of all kinds of feed grains, hay, and forage will be short generally over the Corn Belt during the coming fall, and winter, but this shortage probably will not be sufficient to cause any liquidation of native breeding sheep in this area. The smaller feed supplies, however, will reduce the Corn Belt demand for feeder lambs below the level of recent years.

WOOL

Trading in the domestic wool market has slackened since the middle of July, but prices remain firm and further advances have been made on most grades during the last month. The recent weakness in prices of most other agricultural commodities was not reflected in the wool market where prices have suffered no set-back since the rise began in April. At the close of the London wool sales on July 21, prices were slightly below the highest levels of the series, but they were 15 to 20 percent above the May prices (English currency). Foreign markets are seasonally quiet, awaiting the opening sales of the new season in Australia the end of this month. Wool manufacturing activity during July continued at the improved level of recent months in England and Germany.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 78.5 cents a pound, scoured basis, the first week of August compared with 75 cents a pound for the week ended July 8 and 45.5 cents when the advance began the middle of April. Territory 3/8 blood (56s) scoured basis averaged 71 cents a pound the first week of August compared with 69 cents the week of July 8 and 39.5 cents the middle of April. Quotations on Ohio and similar fleece wools, grease basis, ranged from 24 to 35 cents a pound on the Boston market the first week of August. The United States farm price averaged 22.4 cents a pound on July 15 compared with 21.3 cents on June 15 and 7.0 cents on July 15, 1932, which was the lowest price on record, since 1910.

Consumption of combing and clothing wool reported by United States manufacturers in the first 6 months of this year was 50 percent greater than in the first half of last year and was about equal to the consumption reported for the first 6 months of 1931. Consumption in June showed an advance of 18 percent over the May consumption. Activity in New England mills in June was reported by the First National Bank of Boston to be the highest on record. Wool manufacturing mills continued very active during July.

The building-up of stocks of manufactured woolen goods which has resulted from the very marked increase in mill activity during recent months along with some tendency for recession in other lines of industrial production may tend to check the increase in the activity of woolen mills at least temporarily.

Receipts of domestic wool at Boston, amounted to 167,000,000 pounds in the first 7 months of 1933, compared with 108,000,000 pounds in the corresponding period last year. Receipts for the 7-month period January-July average 150,000,000 pounds in the 5 years 1928-1932. Imports of foreign wool have increased considerably during the past 2 months, contrary to the usual seasonal trend. Total imports of combing and clothing wool in the first 6 months of this year were 5,801,000 pounds compared with 13,224,000 pounds in the first 6 months of last year. Combined imports into Boston, New York, and Philadelphia in the 5 weeks, July 1-August 5, however, amounted to about 14,500,000 pounds. Carpet wool imports have also been comparatively large in recent weeks.

Adverse weather conditions during the first half of 1933 in several important wool producing countries have materially changed this year's world wool production prospects. World sheep numbers and world wool production have been at very high levels during recent years but present indications point to a smaller world wool clip in 1933 than in 1932. Decreases in wool production for 1933 are in prospect in several Southern Hemisphere countries and only a small increase has been reported for the United States.

Production of shorn wool in the United States in 1933 is estimated at 348,914,000 pounds or about 1 percent more than the production in 1932 and 7 percent less than the record production of 1931. The small increase in production this year was largely the result of increased production in Texas, production in other areas being about the same as that of 1932.

COTTON

Domestic mill consumption in July was more than twice that of July last year and easily the largest on record for the month, and exports of American cotton were 54 percent above a year earlier and by far the largest on record for July. Cotton consumption in foreign countries continued at rather high levels during July but textile sales in many countries were said to have been below output. Cotton prices in domestic markets reached the high point of the season on July 18, averaging 11.51 cents per pound, but by August 14 had declined to 8.70 cents. The 1933 domestic crop is now estimated at 12,300,000 bales which with a world carry-over of around 12,000,000 bales would give a supply for the season of something like 24,300,000 bales compared with 26,000,000 bales in 1932-33 and an average world consumption of about 13,500,000 bales. The carry-over of American cotton in the United States on August 1 was placed at 8,083,000 bales compared with 9,581,000 bales last year and a 10-year average of about 3,000,000 bales.

Both consumption and exports for the last quarter of the 1932-33 season were the largest for any like period on record which was an entirely different ending from that of 1931-32 when domestic consumption dropped 43 percent in the last 4 months of the season. The season which has just ended also had a very unusual beginning and may, in fact, be characterized as a season of many extraordinary developments. Under the stimulus of rapidly advancing cotton price in July and August last year, the season was ushered in with a rush of textile purchases which perhaps had never before been equaled. Cloth sales in August were almost three times the month's production and more than five times the sales of the previous April. Domestic exports that month were more than twice those of a year earlier and with one exception the largest for the month on record. Consumption by domestic mills during the first 3 months of the season advanced 80 percent, and consumption in November was the largest for 18 months, whereas 4 months earlier (July, 1932) domestic consumption was the lowest for any month on record since September 1912.

By the 29th of August last year the average price in the ten designated markets had advanced to 8.84 cents per pound, whereas on June 9, only $2\frac{1}{4}$ months earlier, these markets averaged 4.76 cents. This phenomenal advance was followed by a rather steady decline, and by December 5 the price in the ten markets averaged 5.45 cents, which was the low point for the season. During the following 3 months prices were rather steady and in general ranged between 5.75 and 6.00 cents per pound. In March the cotton market, like many other markets, was upset by the closing of domestic banks and talk of inflation, but the net change for the month was small. In early April, with a rise in the prices of stocks, corn, and wheat, the cotton market became very active and prices advanced sharply. With the declaration that the United States had suspended gold payments on April 19, prices jumped 40 points and by the first of May the ten markets averaged 8.00 cents. Under the stimulus of inflation, increased sales of cotton and cotton products, increased mill consumption both at home and abroad, and a general improvement in business and in business and speculative sentiment, cotton prices passed the 9 cent level before the end of May, reached 10.23 cents on June 27, and on July 18 averaged 11.51 cents (equivalent to 7.96 cents on a gold basis), the highest for the season and the highest for almost 3 years. Since then cotton prices along with the prices of grains and stocks have declined sharply and at this time (August 14) are about 8.70 cents per pound or 6.49 cents in terms of gold.

The heavy consumption during the last 3 months of the season resulted in a much larger total domestic consumption for the season than had been expected a few months ago. The total of 6,136,000 running bales consumed by United States mills was 1,270,000 bales or 26 percent larger than that of 1931-32, whereas up to the first of March the season's consumption was only 176,000 bales or 6 percent above the like period in 1931-32. The total consumption in 1932-33 was 873,000 bales above that of 1930-31 and the largest since 1928-29. Domestic consumption of American cotton in 1932-33 amounted to 6,003,000 running bales compared with 4,744,000 bales in 1931-32, 5,084,000 bales in 1930-31, and 5,803,000 bales in 1929-30.

The unusually favorable developments toward the end of the season also stimulated foreign consumption and at present preliminary estimates indicate that the world consumption of American cotton in 1932-33 was around 14,000,000 bales. This represents a material increase over the 12,300,000 bales consumed in 1931-32 and compares with 10,900,000 bales in 1930-31 and 13,000,000 bales in 1929-30.

Three or 4 months ago it was generally expected that the world carry-over of American cotton would be only a few hundred thousand bales less than on August 1 last year. Preliminary information now indicates that when the data used by this Bureau in making its carry-over estimate become available, they will show that the world carry-over on August 1 was at least 1,000,000 bales below that of a year ago. The Bureau of the Census reports a carry-over of American cotton in the United States on August 1 of 8,083,000 bales as compared with 9,581,000 bales a year earlier, 6,263,000 bales on August 1, 1931, and a 10-year average (1921 to 1930) of 3,000,000 bales.

The 692,000 bales of American cotton exported during July brought the season's exports to 8,419,000 bales, or only 288,000 bales, 3 percent below 1931-32. With the exception of 1931-32, exports for the season just ended were the largest since 1926-27, and with that exception, since 1913-14. Exports to Japan and China showed a decrease of 1,362,000 bales as compared with 1931-32. This marked decrease represented a return to more normal takings by these countries following the unusually heavy shipments there during 1931-32 resulting from short supplies of raw material in the Orient and a considerable amount of speculative accumulation of stocks during that period. Cotton mill activity in Japan and China during 1932-33 was not greatly different from that of 1931-32. Increased cotton consumption in European countries largely accounts for the fact that exports to these countries during the past season were 1,214,000 bales larger than in 1931-32, although there may have been some accumulation of stocks toward the end of the season. Exports to France and Germany showed the largest increases over those of 1931-32 although all other principal European countries took larger amounts of American cotton than during 1931-32. Despite the fact that the 1932-33 Indian cotton crop was considerably larger than that of 1931-32, supplies of Indian cotton were not greatly different and were considerably below normal due to the smaller carry-over. This, in conjunction with the abnormally large supplies of American partly accounts for the large world takings and consumption of American cotton during the past season. Increased cotton mill activity in many countries was also an important factor.

Business statistics relating to domestic demand

Year and month	Industrial production 1/	Factory payrolls 1/	Factory employment 1/	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/ 1926 = 100	Commodity prices: Foreign 4/: In currency (1926 = 100)	Commodity prices: Foreign 4/: In dollars (1926 = 100)	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100									
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
Nov.	73	56	68	71	102	70	72	65	4.03	104
Dec.	74	55	68	66	100	69	72	61	3.88	81
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	89	46	65	64	95	65	68	66	1.91	94
July				76					1.75	100

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release September 15, 1933

THE PRICE SITUATION, SEPTEMBER 1933

FARM PRICES

Market prices indicate that the general level of prices received by farmers is now lower than in mid-August. Prices of grains, cotton, and livestock are all lower than a month ago. Prices paid by farmers are unchanged to slightly higher and the exchange value of farm products for the things farmers buy is consequently lower than in mid-August. Notwithstanding, these declines, however, both exchange value and prices of farm products, are much higher than 7 months ago.

The index of farm prices in mid-August was 72 percent of the 1910-1914 average compared with 76 in July, 49 at the low point in February, and 59 in August 1932. Prices paid by farmers advanced from 107 percent of the pre-war average for July to 112 for August compared with 107 in August 1932. The advance in prices paid and the decline in prices received resulted in a sharp decline in the exchange value of farm products from 71 percent of the pre-war average in July to 64 in August compared with 53 in August last year. Although prices of most farm products declined from July to August, potato prices advanced sharply. Hay, veal calves, lambs, eggs, milk, and wool also advanced some in price during the month ended August 15.

Although farm prices of hogs and cattle in August were lower than a year earlier, this was more than offset by larger marketings this year. Consequently farm income from marketings of meat animals in August was about $8,000,000 higher than in August last year, but about $3,000,000 less than in July, whereas last year there was a slight increase from July to August. The decline from July to August this year was due to the reduced income from smaller hog marketings and lower hog prices, as income from cattle, calves, sheep and lambs increased. Farm income from marketings of butter, eggs and poultry declined about $1,000,000 from July to August in contrast to a rise of about the same amount from July to August last year. However, farm income from this source in August was about $1,700,000 higher than in August 1932.

The rise in the level of prices of farm products from March to July, especially in grain prices, resulted in a marked advance in the prices which farmers had to pay for feed and such foods as they purchase. The rise in feed prices accounted for a rise in the index of prices paid for commodities used in production from 101 in March to 104 in June. The advance in food prices was largely responsible for the rise in the index of prices of commodities used for family maintenance from 99 in March to 102 in June.

Feed prices declined some after the July peak, but this was more than offset by increases in prices of building materials, equipment and supplies, fertilizer, and farm machinery, which resulted in a rise in the index of prices of commodities used in production to 112 percent of the pre-war average on August 15.

Food prices continued to advance from June to August. Clothing prices advanced sharply after mid-June and furniture and furnishings, building materials for the house, and operating expenses advanced considerably from June to August. The general advance in prices paid by farmers boosted the index of prices of commodities used in family maintenance to 111 in mid-August compared with 99 in March.

The separate indexes of prices paid for production and maintenance commodities have advanced at a parallel rate from their March low points, with most of the advance taking place from mid-June to mid-August.

WHOLESALE PRICES

The general level of wholesale prices has been remarkably stable for the last 2 months, following the marked advance from early March to mid-July. The Bureau of Labor Statistics weekly index of wholesale prices of all commodities has varied only from 101 to 102 percent of the 1910-1914 average since the second week in July, compared with 87 at the post-war low point in early March. The Annalist index of wholesale prices, which is much more sensitive to price changes, has also fluctuated within a very narrow range since the fourth week in July. This index for the first week in September was 103 percent of the 1913 average. On a gold basis, however, the index declined to a new low of 71 for the week ended September 5.

Prices of farm products have declined considerably since mid-July and prices of foods, chemicals, and drugs have declined a little. These declines have been offset by a considerable advance in prices of hides and leather, textiles, building materials, house furnishing goods, and fuel and lighting; and slight advances in metal and miscellaneous products.

Wholesale prices in most of the principal foreign industrial countries in July continued to rise at a slow rate. In Germany and Japan, prices have risen a little each month from April through July. In Italy, prices rose some in June, but declined slightly in July and August to near the April - May low point. Prices in France turned upward in June and were steady in July. The marked increase in business activity in France this spring and early summer was accompanied by but a very slight advance in wholesale prices. Prices in England rose considerably from March through July, reacted slightly in August, and then resumed the upward trend in the first 2 weeks of September. Prices in Canada turned upward in March with a marked continuous rise through July, the latest date available.

The combined index of wholesale prices in the moneys of eight foreign countries which take about 75 percent of our agricultural exports (1926 = 100) increased a little each month from the April low of 65.9 to 68.2 for July, an increase of 3½ percent. The currencies of these eight countries were about steady to slightly higher in relation to gold, from April to July, except in Canada whose money depreciated considerably in terms of gold. At the same time wholesale prices in the United States increased 15 percent in terms of currency.

Wholesale prices in countries still on a gold-par standard increased a little from April to July, with an increase of $3\frac{1}{2}$ percent in France, $2\frac{1}{2}$ percent in Holland, and less than 1 percent in Switzerland. The sharp rise in the United States price level may have had some influence in checking the decline and in stimulating the subsequent rise in prices in these countries.

In the course of wholesale and farm prices since March there is a close relation to the trend in the gold value of the dollar in foreign exchange. The 3 months from April 17 to July 18 were characterized by rapidly rising prices and a marked downward trend in the gold value of the dollar to the low point of 68.6 cents on July 18. The dollar then soon recovered to a gold value of about 74 cents and remained near this level for the first 3 weeks of August. During the last 3 weeks the dollar has fluctuated near the 70 cent gold level. Since the latter part of July the general level of wholesale prices and the value of the dollar in foreign exchange have been comparatively stable. The interrelations of the dollar, pound sterling, and gold in foreign exchange since April 1, are indicated on the chart opposite last page.

Under the new regulations permitting the export of newly mined gold the United States Treasury Department started to give an official quotation on the dollar price of gold-for-export. The first quotation, on September 8, of \$29.62 per fine ounce of gold is equivalent to a gold value of the dollar of 69.8 cents. By September 15, the dollar had depreciated further and gold-for-export was quoted at \$30.41 per fine ounce, equivalent to 68.0 cents.

BUSINESS CONDITIONS

Industrial production during August showed further recession but retail sales, employment and payrolls continued to increase. The Emergency Construction program began to get under way in August causing a sharp increase in the contracts awarded for construction of public works. The recession in industrial production and improvement in consumer purchasing power is bringing production and consumption into better alignment and forming a better foundation for a more sustained economic improvement. The slowness with which closed banks are being reopened and the tendency on the part of banks to work toward further liquidation of assets have been factors in restraining the expansion of credit in spite of the increased purchases of government securities by the Federal Reserve System.

Although industrial activity showed some recession during the last half of July the level of production was higher than in June. The Federal Reserve Boards' index of industrial production for July was 98 percent of the 1923-1925 average compared with 91 in June. The recession in activity became more pronounced in the last 2 weeks of August. Nearly all lines of production showed some slackening during the month with the greatest declines occurring in the production of automobiles, steel, and cotton textiles. Coal production, which had been curtailed by strikes in the early part of

August, was an exception and increased somewhat during the last half of the month. The decline in industrial activity resulted in some decline in electric power production but carloadings continued to make the usual seasonal increase, reaching the highest total for the year during the week ended September 2.

Another factor in maintaining carloadings, in addition to increased coal shipments, has been the steady improvement in retail sales. The Federal Reserve Boards seasonally adjusted index of department store sales increased from 71 in July to 75 in August. Department store sales in August this year were 16 percent above those of August last year. Retail sales of automobiles were well maintained, during the first part of August but declined more than seasonally during the last half of the month.

Several developments in the banking situation are having some influence on the trend of industrial activity. The slowness with which closed banks or banks operating on a restricted basis are being reopened is restricting normal credit facilities especially in those smaller centers where a large proportion of bank deposits are still tied up in closed banks. The cessation of interest payments on demand deposits have been accompanied by a decline in the net demand deposits of Federal Reserve member banks in 90 cities from $11,207,000,000 on June 14 to $10,380,000,000 on September 6, but this does not necessarily indicate a comparable decline in the volume of credit as deposits so withdrawn have probably been used in taking over short-term paper previously held by banks. There is also a tendency on the part of banks to maintain a high degree of liquidity which restricts the volume of new credit for other than very short-term advances. As an offsetting factor the Federal Reserve System has increased its purchases of securities from $10,000,000 to approximately $35,000,000 a week and surplus reserves of member banks are now at unusually high levels. Long-term financing and refinancing seems very slow and hesitant.

Indications are that factory employment and payrolls continued to make more than usual seasonal increase during August. Employment on railroads increased about 11 percent from March to July and in July was the highest since June 1932. Construction contracts awarded also showed some increase due to the increase in public works' projects during August. According to reports of the F. W. Dodge Corporation, the daily average of construction contracts awarded during the first 19 days of August was $3,961,205 compared with an average of $3,307,724 during July. The daily average of contracts awarded for public works and utility projects increased from $737,632 in July to $1,887,789 during the first 19 days of August. Construction of public works sponsored by the Government began to get under way during August.

The sharp increase in industrial production from March to July was encouraged both by prospects of advancing prices due to dollar depreciation and by prospects of increasing costs due to processing taxes and the introduction of the code system. A part of this increased production was for the building up of inventories to more nearly normal levels. However, it is evident that the rise in production during this period was much more rapid than consumer purchases and if this had been long continued it would have resulted in the piling-up of large surpluses of manufactured goods. With consumer purchases continuing to increase and industrial production declining to more nearly the level of consumption a more orderly and gradual recovery is in prospect.

Industrial activity in the principal foreign countries continued to improve during July. Some summer recession occurred in Great Britain and Canada during August but indications are that this was no more than a seasonal slowing-up of activity. Unemployment showed a marked decline in Germany during July although industrial activity increased only moderately. Industrial activity in Japan continues at record levels and conditions in China are showing some improvement outside of the flooded area.

WHEAT

The general trend of wheat prices during August and early September was downward but the decline appears to have been checked in the second week of September. While price fluctuations are still wide, the market has settled down to a more even keel than during the latter part of July. A part of the decline has represented a decline of prices in the United States relative to world markets but world market prices have also weakened.

The United States average farm price as of August 15 was 74.7 cents per bushel compared with 86.9 cents the previous month and 38.5 cents for August last year. To have been at a parity (based on pre-war relationships) with prices of things farmers buy the average farm price of wheat should have been 99 cents as of August 15.

The course of market prices since mid-July has been irregularly downward. Most of the decline occurred by August 16, but there was some weakening during the latter half of August and early September. This weakening of prices in the United States since mid-August was in spite of well maintained prices at Liverpool both in terms of sterling and United States money. Since early August sterling exchange has been maintained at close to $4.50, and since mid-August, December futures at Liverpool have fluctuated in the vicinity of 70 to 75 cents per bushel, with a slight upward tendency. Meanwhile, December futures at Chicago declined from about 95 cents to 87 cents per bushel. Early in August Chicago prices were about 25 cents above Liverpool while on September 12 they closed only 16 cents above. At Kansas City No. 2 Hard Winter declined from 91.7 cents for the week ended August 5 to 84.2 cents per bushel for the week ended September 9.

Most of the changes in crop estimates during the past month have been small but practically all of them have been upward with the result that the estimated crops of 40 Northern Hemisphere countries now total 3,000,000,000 bushels compared with 2,918,000,000 as of mid-August. The indicated production in the United States has been increased by 7,000,000 bushels and the first official forecast of the Canadian crop is 283,000,000 bushels. This compares with 280,000,000 bushels, which was the figure included by the United States Bureau of Agricultural Economics in arriving at last month's total for 40 Northern Hemisphere countries. Most of the increase in estimates are for European countries. The French crop is now officially placed at 339,000,000 bushels and that of Czechoslovakia at 66,000,000 bushels. The total production of the principal importing countries of Europe is now indicated to be about 10,000,000 bushels above that of last year, whereas a month ago it was indicated to be about 50,000,000 bushels smaller. The four exporting countries of Bulgaria, Rumania, Hungary, and Yugoslavia, are still indicated to have a crop of over 100,000,000 bushels in excess of that harvested last year. France, which is classed among the importing countries, will probably have a small export surplus for the current season.

The crops of Argentina and Australia now seem likely to be less than a year ago, so the world wheat crop outside Russia and China for the 1933-34 season will be well below that harvested in each of the three previous seasons, and in spite of the large crops of the importing countries of Europe there will be some reduction in the burdensome wheat stocks of the world, primarily the result of the short crops in the United States and Canada this year.

At the London Wheat Conference a formal agreement was reached between the principal exporting and importing countries. This agreement is designed to provide a basis for the limitation of wheat exports during the crop years August to July of 1933-34 and 1934-35, and for a relaxation of wheat import barriers in case there is a substantial improvement in the level of wheat prices in terms of gold. Russia is the only large exporting country which has not completed definite quota commitments as a result of the Wheat Conference. The four exporting countries of the Danube Basin agreed to export not more than 50,000,000 to 54,000,000 bushels during the 1933-34 season, and not more than 50,000,000 bushels in 1934-35. In the supplementary agreement entered into between Argentina, Australia, Canada and the United States, however, export quotas for the crop years (August-July) 1933-34 and 1934-35 were tentatively fixed. These quotas together with the average exports (July-June) of the past 5 years and the past three years are as follows:

Country	Quotas 1933-34	Quotas 1934-35	Quotas Average 1933-34 and 1934-35	Actual exports Average 1928-29 to 1932-33	Actual exports Average 1930-31 to 1932-33
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
Argentina	1/ 110	1/2/ 148	129	155	129
Australia	1/ 105	1/ 150	128	123	148
Canada	3/ 200	3/ 263	3/231	268	245
United States..	3/ 47	3/ 90	3/ 68	110	89

1/ In case 1933-34 exports fall below the assigned quota, the 1934-35 quota will be correspondingly increased. 2/ The quota for the two seasons is 258,000,000 bushels instead of 264,000,000 as was erroneously reported in the Departments press release of August 30. 3/These are minimum quotas, subject to increase if import demand warrants.

It will be noted that the Australian average quota is about the same as the average exports of the past 5 years. The Argentine quota is smaller than the 5-year average, primarily because of the inclusion of the phenomenally large exports of 1928-29 (227,000,000 bushels) in the 5-year average. The quotas of Canada, and the United States are below their average exports of the past 5 years. However these last are minimum quotas and these two countries are to share equally any increase in exports which may be warrented if the import demand is sufficient.

In case yields are low this season, as now seems likely, and 1934 yields are normal the export quotas allowed Argentina and Australia will be sufficient to dispose of their exportable surpluses without an acreage reduction. If yields should be larger than average in 1934-35, and these countries have not reduced their acreage, they would be obliged to divert the excess production to non-food uses, since the agreement binds Australia and Argentina not to increase their stocks. In the United States and Canada, with average yields and exports amounting to no more than the minimum quotas, acreage reductions

of about 15 percent would be necessary in order to prevent stocks from increasing as a result of the 1934 harvests.

Preparations are being made to remove a large part of the export surplus of wheat from the Pacific Coast region of the United States through the aiding of exports. This may be expected not only to improve prices in the Pacific Coast region, but to be of some aid to prices east of the Rockies, as it will reduce the amount of wheat which will move from the Pacific Coast to eastern markets. Indications are that the export surplus east of the Rockies amounts to only about 100,000,000 bushels, and with the pressure of supplies in the Pacific Coast removed through the aiding of exports, it is to be expected that prices at Chicago will remain above Liverpool prices throughout most of the 1933-34 season. The success of the plan of aiding exports through the current season may also have an important bearing upon the prospect for the relationship between United States and world market prices during the 1934-35 crop year.

CORN

Corn prices in the United States continued to decline during August and early September. The decline has been largely a reaction from the excessive advance during the first half of July, and has been associated with the weakness in wheat prices.

The United States average farm price of corn as of August 15 was 48.8 cents per bushel compared with 55.4 cents a month earlier, and 30.2 cents in August 1932. At Chicago, No. 3 Yellow declined from an averge of 53.0 cents for the week ended August 12 to 47.6 cents for the week ended September 9. The August average price was 51.0 cents per bushel compared with 55.8 cents in July and 31.9 cents in August of 1932.

The production indicated by crop conditions as of September 1, was 2,285,000,000 bushels compared with 2,273,000,000 indicated August 1. Receipts at 13 primary markets dropped sharply in August to 11,700,000 bushels compared with 46,400,000 in the previous month. Last year receipts in August amounted to 15,200,000 bushels, and in July to 7,300,000 bushels, whereas the average of receipts the past 5 years was 17,100,000 for August and 17,000,000 for July. As a result of the sharp drop in receipts, commercial stocks have declined, amounting to 57,700,000 bushels as of September 9 compared with 64,200,000 as of August 5. Stocks nevertheless are unusually high for this time of year. Wet process grindings have been fairly well maintained, amounting in August to 5,800,000 bushels compared with 5,200,000 in the corresponding month of last year and the 5-year August average of 5,900,000 bushels.

Purchases of corn by feeders continue to be restricted because of the relatively high prices of corn as compared with livestock and livestock products, but poor pastures and short crops of feed grains in many areas continue to indicate the need of greatly increased purchases of feeds as compared with last year. The great reductions in the supplies of other feed grains will tend to increase the feed demand for corn. With plans for reducing hog production for the coming marketing year (October 1, 1933 - September 30, 1934) now underway, prospects are that less corn will be fed to hogs during the coming season than during the past season. This will in part offset the reduction in feed grain crops this year.

RICE

Supplies of rice, including the carry-over and the new crop, now in prospect for 1933-34 are much below average for both the Southern Belt and California. Sales to Puerto Rico and Hawaii were about average during August but exports and sales in continental United States were both below average. Rice prices continued to advance in the Southern Belt during August and the first few days of September. In California prices were practically unchanged.

Southern Belt

At New Orleans, Fancy Blue Rose averaged $3.19 per hundred pounds for August compared with $2.80 for July and $3.15 for August 1932. Brewers rice and screenings in the Southern Belt continued to sell between $2.12½ and $2.25 per hundred pounds. Early Prolific rough was selling at $2.65 per barrel during the first week of September compared with $1.55 a year earlier. Other varieties are correspondingly higher this year.

Stocks of both rough and milled rice in millers' hands on September 1 were equal to 671,000 barrels compared with 1,011,000 a year earlier. Shipments from mills during August totaled 431,000 pounds compared with 616,000 pounds for August 1932. Exports from southern ports during August totaled about 8,000,000 pounds compared with 7,905,000 for August last year. Total exports of all rice from the United States during 1932-33 amounted to slightly less than 128,000,000 pounds compared with 225,000,000 for the previous year. The decline of approximately 100,000,000 pounds can be accounted for in a larger part by the reduced exports to the United Kingdom and Canada. Exports to these two countries declined about 65 percent, exports to Cuba declined about 70 percent from the preceding year but were above average. Exports to Belgium, Germany and the Netherlands were slightly smaller last year than for 1931-32. Exports to Argentina and Columbia were about the same as for 1931-32 but considerably below average. Exports to other South American countries were practically nil. Shipments to Puerto Rico from southern ports during August were about 1,000,000 pounds smaller than for August last year. Sales of rice in continental United States during August were below those for August 1932. The condition of the rice crop in the Southern Belt on September 1 indicated a production of 28,716,000 bushels. A crop of this size with the August 1 carry-over of about 100,000,000 pounds makes a prospective supply of about 900,000,000 pounds which is well below the average of the last 5 years.

California

At San Francisco, Fancy California Japan rice averaged $3.36 per hundred pounds for August compared with $3.37½ for July and $2.24 for August last year.

September 1 conditions indicated a crop of 6,466,000 bushels of rice in California which is well below the production of recent years and about 1,250,000 bushels below the 1926-1930 average. Exports of California rice for August totaled about 5,000 pounds, compared with 864,000 for August last year. Shipments to Hawaii during August totaled 7,344,000 pounds compared with 7,518,000 for August last year. There were 4,537,000 pounds of California rice shipped to Puerto Rico during August. The corresponding figure last year was 4,975,000 pounds.

TOBACCO

Flue cured

Prices for flue-cured tobacco during the latter part of August declined below opening levels for the season, according to available reports. In Georgia, the State Department of Agriculture reports showed a decline from 13.9 cents per pound for the 2-week period ended August 11 to 8.9 cents for the 3-week period ended September 1. This decline is more than the usual seasonal amount. Press reports and other unofficial information from South Carolina and eastern North Carolina indicate that prices weakened in those States.

It has been reported that prices were unsatisfactory to growers from the beginning of the season (August 1). When markets in eastern North Carolina (Type 12) opened on August 29, the growers expressed such extreme dissatisfaction that the Governor of North Carolina was moved to issue an order on September 1 declaring a market holiday. Similar action also was taken by the Governor of South Carolina. Following this an appeal was made to the Agricultural Adjustment Administration for the development of a plan to reduce production in 1934, in the hope that this might improve prices for the 1933 crop. The Administration immediately drew up and submitted to growers a temporary contract under which those signing agree to reduce next year's crop by as much as 30 percent of the average of the past 3 years. The markets have remained closed during the progress of the "sign-up" campaign and it is probable that they will not reopen until September 18. Unofficial reports indicate that most of the growers have signed the temporary contract.

POTATOES

Higher potato prices this season are a reflection of the short crop in the intermediate and late shipping states and of the improved business situation and outlook. There has been considerable speculation in the form of foreward buying in potatoes this season, particularly since it became known that a short late crop was in prospect. This speculative activity has driven prices upward and brought out the heavier shipments to market, which are now having a depressing effect on prices. If the volume of shipments continues to increase during the next 2 months, prices may be forced further downward, but a rise in prices similar to that which occurred during the 1925 season may take place after the turn of the year.

The prospective supply of potatoes increased slightly during August due to some improvement in conditions in the eastern and western states. The September 1 production forecast for the 18 surplus late states was increased slightly over that of August 1 to 208,605,000 bushels, which is about 40,000,000 bushels below average. In the 3 eastern surplus late states there was an increase of about 2,300,000 bushels, and in the 10 western states a gain of about 1,800,000 bushels, whereas the 5 central states show a decline of about 3,400,000 bushels. Potato production in the 12 other late states is now forecast at 28,000,000 bushels compared with 42,000,000 bushels produced in these states in 1932 and the 1926-1930 average of 37,000,000 bushels. For the country as a whole the 1933 potato crop is estimated at 293,585,000 bushels compared with 357,679,000 bushels last year which was about an average crop.

The weekly carlot movement of potatoes to central markets has been heavier during recent weeks than a year earlier. For the week ended September 9 a total of 2,651 cars of potatoes were shipped from all points, compared with 2,973 cars the previous week and 2,483 cars the corresponding week in 1932. Nearly all of the late states have begun shipping with a volume about two-thirds greater than last year. It is quite possible that the larger shipments this season are due in part to the distribution of the crop and in part to a smaller movement by truck. The shipping season in the intermediate states is about completed.

Although the total carlot movement has been heavier this year potato prices in the central markets have maintained a level about 2 to 3 times higher than that of 1932. At New York, l.c.l. prices averaged $2.19 per 100 pounds during the week ended September 2 compared with $2.60 per 100 pounds a month earlier and 85 cents for the corresponding week in 1932. At Chicago, Round White potatoes averaged $2.18 per 100 pounds during the week ended September 2 compared with $2.93 a month ago, and 68 cents a year ago. Although most of the late states have already begun shipping potatoes, none of the f.o.b. markets have been officially opened and therefore there are no official price quotations at shipping points. New Jersey, the last of the intermediate states is closing the season at prices ranging from $1.85 to $2.00 per 100 pounds f.o.b. usual terms. The season average price this year was $2.21 per 100 pounds compared with 78 cents last year.

The United States average farm price as of August 15 was $1.31 per bushel compared with 97.9 cents in July and 31.4 cents in August 1932.

HOGS

Hog prices moved downward during August. The declines were especially large on the heavier weight classes. Slaughterings declined seasonally from July but they were the second largest on record for the month. Domestic consumption of hog products increased moderately but exports continued at a relatively low level and reductions in storage holdings were smaller than usual for August. The hog-corn price ratio, based on Chicago market prices, reached a record low level. The unfavorable feeding situation resulted in some liquidation of hogs during the month and commercial marketings were even larger than anticipated. Average weights were fairly well maintained but considerable numbers of underfinished hogs can be expected in the slaughter supply during the next few months if the hog-corn ratio continued below average.

Hog prices declined steadily during August and at the end of the month were back to the levels of late April. The price reductions were especially pronounced on heavy weight butcher hogs and packing sows. The declines on these amounted to more than $1.00 per 100 pounds at Chicago compared with only

22 cents on the 200-220 pound weight group. A moderate price improvement occurred during the week ended September 9, largely as a result of a reduction in slaughter supplies. The average August price at Chicago for packer and shipper droves was $3.97 compared with $4.41 in July and $4.21 in August last year.

Hog slaughter under Federal inspection during August amounting to 3,477,000 head, exclusive of around 1,000,000 pigs and 21,000 piggy sows purchased for government account, was 17.1 percent larger than in August 1932 and was the second largest on record for the month. Average weights were probably somewhat lighter than in August last year but they were not greatly different from the 5-year August average. Total pork and lard production, therefore, was not greatly different from the record August production of 1923. This is the fourth successive month in which hog slaughter has been at or near record levels. Slaughter from October 1932 to April 1933 was relatively small, but the increase since April has more than made up for the early deficiency and total pork and lard production for the marketing year ending September 30 will probably be from 1 to 2 percent larger than that in the corresponding period a year earlier and will be the largest for any marketing year since 1928-29.

On August 23 the Department of Agriculture, under the terms of the Agricultural Adjustment Act, put into effect an emergency program designed to reduce market supplies of hogs during the 1933-34 marketing year. Under this program it is planned to purchase approximately 4,000,000 pigs, weighing less than 100 pounds, at fixed prices considerably higher than the present level of hog prices. Prices which are being paid at Chicago vary from $6.00 for pigs weighing from 96 to 100 pounds to $9.50 per 100 pounds for pigs weighing from 25 to 30 pounds. Prices at other markets are fixed at specified differentials above or below Chicago prices as conditions justify. In addition to the buying of pigs the plan also provides for the purchase of about 1,000,000 sows due to farrow this fall and weighing in excess of 240 pounds. Such sows are being purchased at a premium of $4.00 per head above the prevailing market price and are not subject to dockage. These pigs and sows are being slaughtered at packing plants operating under Federal inspection, but the products from the slaughter of such pigs and sows will not enter the regular domestic consumption channels. Government purchases through the week ended September 8 totaled 2,500,000 pigs and 49,000 piggy sows.

Farm prices of hogs declined relatively less than corn prices from mid-July to mid-August and the hog-corn price ratio advanced slightly, but the average of 7.8 at the latter date was the second smallest on record for the month. The August 15 ratio in the Corn Belt states was 8.9 compared with 7.9 on July 15, and 15.3 on August 15, 1932. Based on Chicago prices, the ratio for the month was 7.8, compared with 7.9 in July and 13.2 in August last year and was the lowest for the month in at least 30 years.

Despite the unusually large slaughter of all classes of meat animals during August, wholesale prices of fresh pork advanced sharply. The advances were relatively greater on light loins than on heavy loins but this is a seasonal characteristic because of the relative scarcity of light hogs at this time of year. Part of the gains were erased during the week ended

September 3, but loin prices at New York during that week were still from $2.00 to $5.00 higher than their July lows. Average prices of most cuts of cured pork during August were lower than in July, but quotations on a considerable number of cuts were higher than in August last year. Lard prices also declined somewhat, but averages in early September were not greatly different from those of a year earlier. The composite wholesale price of hog products at New York advanced as a result of higher fresh pork prices and the average for the month was $11.39 per 100 pounds compared with $11.18 in July and $12.08 in August last year.

United States exports of both pork and lard during July were larger than those in July last year, but the increases were relatively small compared with the increases in production. Pork exports, amounting to 14,000,000 pounds, were nearly 11 percent larger than those in July last year, but they were 34 percent smaller than the 5-year average for the month. Lard exports, totaling 37,000,000 pounds, were about 3 percent larger than the July 1932 exports, but they were 25 percent smaller than the 5-year average exports for the month. Exports of both pork and lard from the principal ports during the first 4 weeks in August were about 15 percent larger than those in the corresponding period last year.

Storage accumulations of hog products were relatively large from April through July and the out-of-storage movement during August was relatively small. Consequently, stocks of both pork and lard were unusually large on September 1. Pork stocks on September 1, totaling 753,000,000 pounds were 7 percent smaller than those of a month earlier but they were 30 percent larger than those of a year earlier and 21 percent larger than the 5-year average for that date. They were the fourth largest on record for September 1. Lard stocks increased 5,000,000 pounds in August and the total on September 1 amounting to 224,000,000 pounds, was 123 percent larger than that on September 1 last year, 74 percent larger than the 5-year average September 1 holdings, and 44,000,000 pounds larger than the previous record holdings for that date.

Largely as a result of a strong speculative demand for pork and lard, hog prices were well sustained from May through July despite record slaughterings in that period. The large storage accumulation of these products during those months in conjunction with the large August slaughter, however, tended to depress hog prices in August and are likely to prevent any material rise in hog prices in September. The short corn crop in prospect in many sections and the unfavorable hog-corn price ratio may cause producers to market their hogs earlier than usual this fall and winter. Slaughter supplies of hogs from October to December 1933, therefore, are likely to be somewhat larger than those in the corresponding period last year unless the emergency slaughter of pigs before October 1 causes producers' reactions to the unfavorable hog-corn ratio to be different from those of previous years.

CATTLE

Prices of slaughter cattle strengthened somewhat during the first half of August but declined rather sharply during the last half of the month. For the week ended September 2 the average prices of all native beef steers at Chicago, and of all grades of native beef steers, were at or below the

averages for the week ended July 8, thus wiping out all of the July and August advance. Although prices were above the low levels reached last winter they were much below August of last year. The average of beef steers in August was $5.88; in July it was $6.01 and in August 1932 it was $7.88. Other kinds of slaughter cattle also declined to a new low August level for recent years and stocker and feeder steers reached the lowest levels for any month in many years. The farm price of beef cattle per hundred pounds on August 15 was $3.79 compared with $3.97 in July and $4.35 in August 1932.

While the decline in prices of lower grades of slaughter cattle was largely seasonal that of the better grades was contrary to the usual seasonal advance.

Supplies of slaughter cattle in August were large and while receipts of cattle at seven leading markets were only 8 percent larger than in August 1932, inspected slaughter was 33 percent larger, 20 percent larger than the 5-year August average and the largest for the month since 1919. Slaughter of calves was also large, being 16 percent above the 5-year August average and the second largest August slaughter on record. Supplies of beef steers at Chicago were 18 percent larger than in August 1932, with the supply of good grade the third largest in 12 years.

While there was doubtless some increase in the slaughter of steers over August last year, most of the increase was probably in cows and heifers. The shipment of stocker and feeder cattle from markets was much smaller in August this year than last, shipments from seven leading markets being 35 percent smaller. These small shipments, in spite of the low level of prices prevailing, reflect the low demand for such cattle from Corn Belt feeders; this demand in turn is a reflection of the poor prospects for the corn crop, poor pastures, the low level of beef cattle prices and the high prices of feeds relative to cattle prices.

Cattle supplies are expected to continue liberal during the last 4 months of this year. With marketings of feed cattle since July 1 running larger than last year, and with few replacement cattle having gone into feed lots compared with the heavy replacements in July and August last year, the supply of fed cattle is expected to be relatively small from the latter part of October until the end of the year and a considerable improvement in prices for fed cattle is not unlikely. The effect of the reduced supply of fed cattle, however, will be offset in part by liberal supplies of other kinds of slaughter cattle.

On the basis of reports received in the early part of August it was estimated by the Department of Agriculture that cattle marketings from the states west of the Missouri River would be 13 percent larger this year than last. Developments since early August indicate that the increase is apt to be more rather than less than 13 percent. In view of the heavy marketings in August it is easily possible for cattle slaughter during the last 4 months of 1933 to exceed that of the same period in 1932 by one-third.

Demand for feeder cattle is expected to continue relatively poor for the balance of the year, but some improvement in demand and an increase in the movement to feed lots is to be expected late in the season if there should be a substantial advance in fat cattle prices.

BUTTER

Butter production in July was decidedly larger than in July last year whereas apparent consumption was smaller. Cold storage stocks are the largest on record. Butter prices declined from the peak in mid-July, but strengthened in late August. A new factor in the price situation is the butter stabilization operations undertaken under the Agricultural Adjustment Act. Farm prices of butterfat are low in relation to feed grain prices. The slaughter of cows and heifers under Federal inspection continues decidedly larger than a year ago.

Butter production in July of 177,600,000 pounds was 8.7 percent larger than a year earlier. This was the largest percentage increase over the same month of the preceding year since February 1932. Even though July production was decidedly larger than a year earlier it was 4.1 percent less than the record July production in 1929. The decrease in production from June to July of 11.5 percent was greater than the usual seasonal decline.

The price of 92-score butter at New York declined from 25.6 cents for the week ended July 8, to 19.6 cents for the week ended August 19. During the later part of August prices strengthened and averaged 23.0 cents for the week ended September 9. The strength in prices in late August was probably due in part to the stabilization operations considered under the Agricultural Adjustment Act.

The farm price of butterfat in mid-August of 18.4 cents was 4.6 cents lower than in July, but 0.9 cents higher than in August 1932. In mid-August the farm price of a pound of butterfat was equivalent in price to 20.2 pounds of feed grains. Butterfat prices in August were the lowest compared with feed grain prices since 1924 and 1925, and were about as low as in the pre-war period.

The trade output of creamery butter in July was 3.0 percent less than a year earlier in contrast to the marked increase in production. Retail prices of butter in July were 30 percent higher than in July 1932. Estimated consumer expenditures for butter in July were 26 percent larger than in July 1932, an unusually large increase.

With the increase in production and decrease in trade output storage stocks accumulated. On September 1 when the usual peak in storage holdings occurs, holdings of butter were 175,200,000 pounds or 6,200,000 pounds above the preceding high for September 1 in 1929. Compared with a year earlier, however, storage holdings of butter were 68,000,000 pounds larger.

Milk production per cow on September 1 of 12.74 pounds was 1.2 percent larger than the low production on the same date in 1932, but 6 percent less than the 1925 to 1929 average for that date. Crop correspondents reported milking 71.7 percent of the cows in their herd compared with 70.4 percent a year earlier. This increase in the proportion of cows being milked is one of the factors accounting for the increase in milk per cow in herd.

In July the slaughter of cows and heifers under Federal inspection was 36 percent larger than in July 1932, while total slaughter for the first 7 months of this year was 15 percent larger. When farmers cull cows from their herds they probably sell the poorer animals that are dry or nearly dry. The increase in culling may be one of the factors accounting for the increase in the percentage of cows being milked.

The increase in culling, low prices of butterfat in relation to feed grains, and short supplies of feeds are factors that will tend to decrease production.

CHEESE

Cheese production in July was decidedly larger than in July 1932, while there was only a relatively small increase in trade output, and storage stocks are large. These factors and lower butter prices, have depressed cheese prices. Consumer expenditures for cheese in July were larger than in the same month of a year earlier for the first time since August 1930.

Cheese production in July of 57,800,000 pounds was 14.3 percent larger than July production in 1932. Total production for the first 7 months of 1932 has been 6.7 percent larger than in 1932. Even though July production was decidedly larger than a year earlier it was about the same as in July 1930 and about 2 percent less than the record production for July in 1929. July production was about 10 percent less than June. This is about the same as the usual seasonal change between these 2 months. July production of American cheese in New York State was 38 percent less than a year earlier. Wisconsin production was 27 percent larger, while production in the Pacific Coast States was 4 percent larger than in the same months of 1932.

The ruling price of cheese (twins) on the Wisconsin Cheese Exchange declined from 12.0 cents on August 5 to 10.5 cents on August 26. The average price in August of 11.0 cents was 1.0 cent lower than in July, and only 0.4 cents higher than a year earlier. Ordinarily cheese prices in August average higher than in July. The index of cheese prices adjusted for seasonal variation declined from 91 in July to 78 in August, which was the lowest since April.

Trade output in July was the second largest on record for the month, and was 11 percent larger than in June. This was rather an unusual change as trade output in July is usually decidedly less than in June. The trade output in July however, was only 3.4 percent larger than a year earlier in contrast to the 14 percent increase in production. Retail prices of cheese in July were 7.3 higher than in July 1932. These changes in prices and trade output indicate that consumer expenditures for cheese in July were 11 percent larger than in the same month of 1932.

Cold storage holdings of American cheese on September 1 of 94,400,000 pounds were nearly 27,700,000 pounds or 42 percent more than the light holdings of a year earlier, but were only 2.5 percent more than the previous record holdings on September 1 in 1929.

EGGS

Market price of eggs failed to continue the usual seasonal rise during August although receipts dropped below average. In view of the increase in Hatchings this year, egg production during the fall and winter is likely to be heavier than a year ago unless chicken prices are favorable to the producer and encourage a reduction in flocks.

Prices of special packed mid-western fresh eggs at New York averaged 19.2 cents per dozen in August, 19.4 cents in July, and 23.0 cents in August 1932. Prices of fresh firsts declined even more, from 15.2 cents in July to 14.2 cents in August. The farm price rose 0.2 of a cent to 13.3 cents on August 15. This is 74 percent of the 1910-1914 August average, compared with a similar ratio for July of 78 percent. Prices have risen somewhat in early September.

Receipts of eggs at the four markets were 894,000 cases in August compared with 971,000 cases in August 1932, and 989,000 cases for the 5-year August average. The lower receipts in August this year were largely due to unfavorable weather conditions in the mid-West and to the late hatching season.

Cold storage stocks of case eggs were 8,944,000 cases on September 1, 5,960,000 cases a year before and 8,768,000 cases for the 5-year September 1 average. This is a reduction since August 1 of about 560,000 cases, while last year, for August, the out-of-storage movement was 470,000 cases. In 1931, a year whose peak storage stocks were practically the same as this year's holdings, the out-movement in August was 490,000 cases. The 5-year average is 550,000 cases.

Farm flocks furnish relatively few eggs for sale during the fall and early winter and the fall storage situation does not greatly affect farm flock producers. This is not the case, however, with the commercial poultrymen who have feed costs to meet and who market a relatively large proportion of their eggs in the fall and winter. Because of their volume of fall and winter production the competition of storage eggs is of considerable importance to them as low priced storage eggs necessarily lower the price of fresh eggs.

CHICKENS

The farm price of chickens declined to 9.8 cents per pound on August 15, after a non-seasonal rise in July. This is 0.6 of a cent below the price in mid-July and 1.9 cents below the price in August last year. The relative price for August was 81 percent of the 1910-1914 August average, whereas the price relative for several months previous was about 85.

Receipts of dressed poultry at the four markets were 23,600,000 pounds in August, 21,600,000 pounds a year before, and 23,300,000 pounds for the 5-year August average. Commercial hatcheries report an increased hatch this season as compared with last, which should result in heavier receipts during the remainder of the year. The reported increase of 9½ percent in numbers of chicks to be hatched for delivery after August 1 is of significance to the poultryman raising late broilers.

Cold storage holdings of frozen poultry were 47,753,000 pounds on September 1, 30,300,000 pounds a year before and an average of 41,100,000 pounds for the last five Septembers. The into-storage movement for the month was 3,700,000 pounds while the 5-year average for August is 1,900,000 pounds. For the last 3 years the storage movement during August has been out rather than in. Last year was not an unprofitable year for storage operators and the demand to store this fall may be stronger than in 1932 in spite of the larger prospective supplies.

LAMBS

Lamb prices advanced rather sharply during the first third of August and the top at Chicago on August 10 reached $8.75, equal to the highest point for new crop lambs reached early in June. From this point, however, prices declined steadily and by the end of August the top at Chicago was down to $7.00. The average weekly price of good and choice lambs at Chicago the last week in August was $6.86, compared with $7.76 the week ended August 12 and $6.00 for the last week in August 1932. The farm price of lambs August 15 was $5.26, compared with $5.24 July 15 and $4.11 August 15, 1932. Prices of feeder lambs also declined during August but to a less extent than did slaughter lambs. At the end of July good and choice feeder lambs at Omaha were quoted at $6.00 to $6.95 while early in September the quotations were at $5.25 to $6.00.

Supplies of lambs in August were large compared with years prior to 1931. Receipts at seven leading markets were 6 percent smaller than in August 1932 and 3 percent below the 5-year August average. Inspected slaughter of 1,532,000 head was only 3 percent below August 1932 and $4\frac{1}{2}$ percent below the record August slaughter in 1931. Shipments of feeder lambs during August from seven leading markets were about the same as in August 1932, but were relatively small for the month.

While pelt values, reflecting the strong market for wool, have tended to support lamb prices they could not offset the weakness in the dressed lamb market during the latter part of August. Good dressed lambs at New York which averaged $15.30 the middle of August had dropped to $13.00 by the end of the month. The weakness in the dressed market was doubtless due to the heavy supplies of all kinds of fresh meat resulting from the heavy August slaughter of cattle, calves and hogs and of lambs.

Marketings of lambs are expected to be smaller during the last 4 months of 1933 than in these months in 1932 due to the smaller late lamb crop in the western sheep states. Because of poor prospects for fall and winter range feed and for much higher hay and feed prices than last year in nearly all of the western sheep states, the reduction in marketings may be relatively smaller than the reduction in the lamb crop. The lamb feeding situation for this fall and winter is as yet uncertain. Few contracts for feeder lambs for Colorado and western Nebraska have been made and the movement to Corn Belt feeders to the middle of September does not indicate a heavy fall movement to the Corn Belt. Because of poor summer and fall range feed the proportion of late western lambs in feeder flesh will be larger than last year. There is, however, a fairly strong local demand for western white-faced ewe lambs for flock replacements which may tend to reduce the marketings of late lambs of feeder type. Present indications are that slaughter demand rather than feeder demand will be the controlling factor in determining lamb prices the rest of this year.

WOOL

Active buying has been resumed in the Boston wool market during the last month and prices continue to advance. Prices of merino wools at the opening of the new Southern Hemisphere selling season at Sydney on August 28, were reported to be 25 to 30 percent (Australian currency) higher than at

the close of the previous sales at that center the middle of June. Competition was strong and at the close of the series on September 7 prices for the best wools had advanced 5 percent above the opening levels. The Bradford market reports a rise in quotations on fine tops as a result of the strength at Sydney. While the rapid increase in wool manufacturing activity of the second quarter of the year has apparently been checked both in the United States and foreign countries, reports indicate that a high level of activity is being maintained.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 81 cents a pound, scoured basis, the week ended September 9 compared with 78.5 cents the week ended August 5, and 45.5 cents when the rise began in April. Territory 3/8 blood (56s) averaged 74.5 cents a pound scoured basis the first week of September, compared with 71 cents the beginning of August, and 39.5 cents the middle of April. The United States farm price averaged 22.5 cents a pound on August 15, compared with 22.4 cents on July 15, and 7.4 cents on August 15, 1932.

The high rate of consumption of combing and clothing wool reported in June was maintained through July. Reported consumption for the 2 months was higher than in any 2-month period since the first quarter of 1923, and was higher than any June-July period since 1919. May, June and July are generally the dullest months of the year for the wool manufacturing industry. The expectation of higher prices, however, led to an earlier placement of fall orders this season. Consumption (grease basis) by reporting manufacturers in the first 7 months of the year was 60 percent larger than in the same months of 1932 and only about 5 percent below the same months of 1929.

Imports of combing and clothing wool for July and August were much above normal for those months. Total imports for these 2 months will probably constitute about 80 percent of the total imports for the first 8 months of the year whereas in 1932 this proportion amounted to 4 percent and in the 5 years 1927-1931 averaged 10 percent. Total imports from January to July, 1933 amounted to 16,017,000 pounds compared with 13,556,000 pounds in the first 7 months of 1932. Combined imports at Boston, New York and Philadelphia, in the 5 weeks ended September 2 were approximately 16,785,000 pounds which was larger than imports in the entire year 1932. Receipts of domestic wool at Boston in the first 8 months of 1933 were 13 percent larger than the average for the 8-month period in the years 1928-1932.

Wool production in 1933 in 9 [1] countries for which preliminary estimates are available, shows a decline of 8 percent compared with 1932. Decreases are indicated in all countries except the United States, where the official estimate of shorn wool production was 1 percent larger than that of 1932. However, the expected decrease in pulled wool production in this country may be sufficient to offset the increase in shorn wool production. Reports from the early shearing districts of Australia are to the effect that the wool is thin and dry and largely affected by dust. It is also finer than last year as is also the case in the Union of South Africa.

1/ Australia, New Zealand, United States, England and Wales, Scotland, Northern Ireland, Irish Free State, France and Germany.

Apparent supplies 1/ of wool on hand on July 1 2/ in the five principal wool producing countries of the Southern Hemisphere were 33 percent less than at the same date last year, when supplies were unusually large. Exports from the five countries to the end of June totaled 1,943700,000 pounds, an increase of 17 percent above the reduced exports of last season.

COTTON

Domestic mill consumption of cotton in August was the second largest on record for the month and exports were the largest on record for August, thus giving a record disappearance for the month in the history of the country. There was a decline in the daily rate of consumption in August compared with July but little change in the total consumption for the month. Cotton prices in the ten spot markets declined from 10.11 cents per pound at the beginning of August to 8.32 cents on August 16, but before the end of August recovered to 9.28 cents. Since then prices have again declined and on September 12 the ten markets averaged 8.57 cents. World consumption of all cotton was recently reported at 24,332,000 running bales, by the International Federation of Master Cotton Spinners' and Manufacturers' Association, this was an increase of 2,013,000 bales or 9 percent over 1931-32. Most of the total increase was accounted for by the 1,851,000 bale increase in American cotton, total consumption of American in 1932-33 being placed at 14,167,000 bales, the largest since 1928-29. Consumption of Indian cotton was the smallest for more than a decade, while the consumption of sundries was reported at 19 percent above that of 1931-32. World mill stocks of all cotton on August 1 were reported at 5,037,000 bales which were the largest since August 1, 1927. Mill stocks of American were slightly larger than in 1932 and were also the largest since 1927.

Domestic mill consumption of all cotton in August amounted to 589,000 running bales, according to the Bureau of the Census. This was almost as large as in July, but since there were fewer working days in July than in August there was a decline in the daily rate of consumption. In August last year domestic mills used 404,000 bales and never before, with the exception of 1927, has consumption in August exceeded 589,000 bales. The indications from data available up through July are that up to that time stocks of textile products at mills were not accumulating, the heavy output having been shipped out to secondary manufacturing concerns, wholesalers, and retailers. Exports of domestic cotton in August were the largest for the month on record and were 17 percent above those of August 1932. The 531,000 bales exported, plus the 572,000 bales of American cotton consumed by domestic mills resulted in a total disappearance from the supply of American remaining in the United States of 1,103,000 bales, whereas in August 1932 the disappearance from the United States amounted to only 847,000 bales.

1/ Production plus carry-over minus exports. No account is taken here for the comparatively small local consumption in these countries.
2/ The beginning of the 1933-34 season in Australia, New Zealand and the Union of South Africa.

The September estimate of the domestic crop was slightly larger than that of August 1, the forecast based on conditions up to September 1, indicated a crop of 12,414,000 bales compared with a crop in 1932 of 13,002,000 bales. The indicated yield per acre was placed at 197.8 pounds, or practically the same as on August 1, though several material changes occurred in the forecasted yields by states. The 1932 yield was 173.3 pounds and the 10-year average was 167.4 pounds per acre. Reports so far received on foreign crop prospects indicate that foreign production in 1933-34 will probably be somewhat larger than in 1932-33. The Chinese crop has been tentatively placed at 15 to 20 percent larger than in 1932. The Egyptian crop will no doubt be much larger since the acreage has been increased 65 perc nt over that of 1932 although this years' acreage is still 13 percent below the 1930 acreage. Plantings in India up to August 1 were up 4.6 percent. The Brazilian crop has been forecast by the Brazilian Government at 650,000 bales compared with the small crop in 1932-33 of 350,000 bales and a 5-year average of about 500,000 bales. The Mexican crop is expected to be slightly above average and materially above the short crop of last year. In Russia it would not be surprising to see a considerably smaller crop this season since the plan called for an area 260,000 acres less than the area cultivated in 1932-33. The cultivated area is usually considerably less than that called for in the plan. However, it is said that special efforts are being made this year to increase yields.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/					1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	98	52	70	76	101	69	68	75	1.75	100
Aug.				72					1.75	98

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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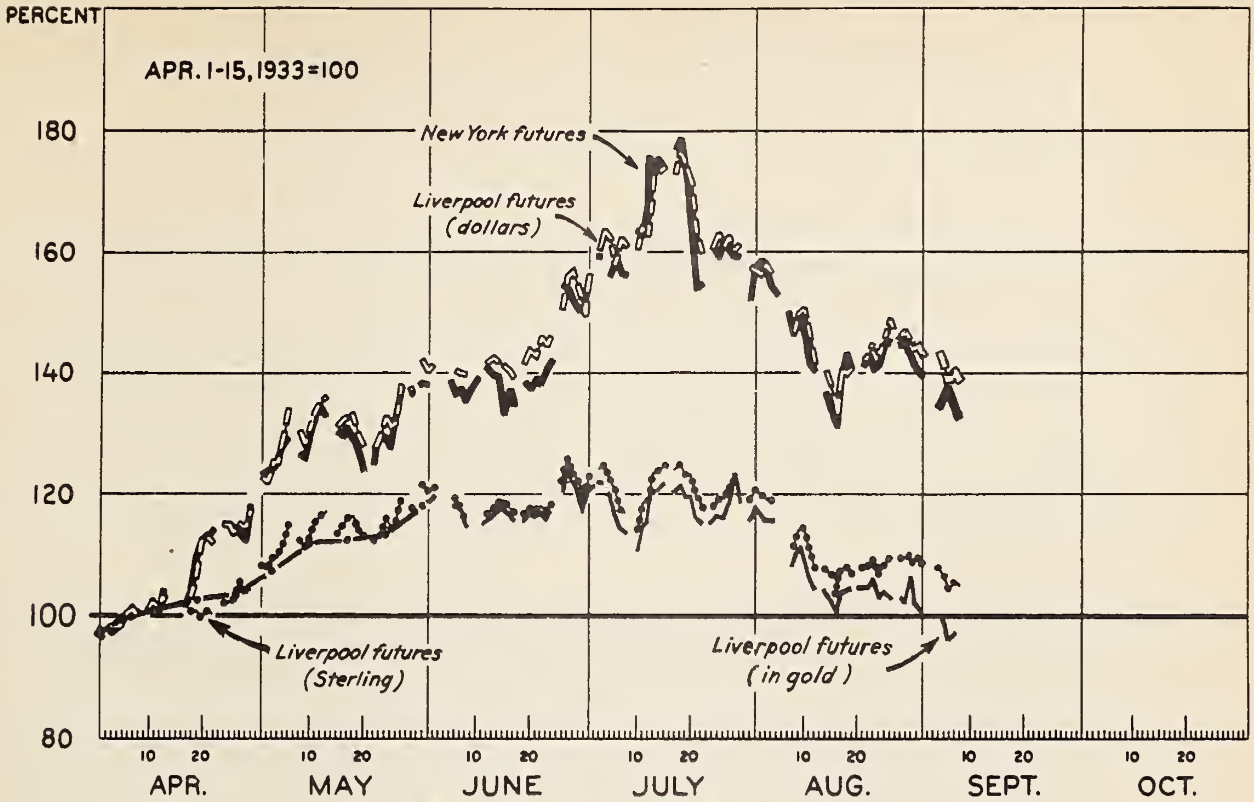
LIVERPOOL AND NEW YORK COTTON PRICE RELATIVES, APRIL 1, 1933 TO DATE



JULY FUTURES (APR.-JUNE 30). OCT. FUTURES (BEGINNING JULY 1)

LIVERPOOL AND CHICAGO WHEAT PRICE RELATIVES, APRIL 1, 1933 TO DATE

JULY FUTURES (APR. 1 TO JUNE 30). SEPT. FUTURES-CHICAGO (BEGINNING JULY 1). OCT. FUTURES-LIVERPOOL (BEGINNING JULY 1)

U.S. DEPARTMENT OF AGRICULTURE NEG. 26282 BUREAU OF AGRICULTURAL ECONOMICS

LIVERPOOL PRICES IN TERMS OF BOTH DOLLARS AND GOLD WHEN COMPARED WITH PRICES IN STERLING INDICATE THE COURSE OF DOLLAR DEPRECIATION IN TERMS OF STERLING AND GOLD. THE POUND STERLING WHICH DEPRECIATED SHARPLY FROM SEPTEMBER 1931 TO NOVEMBER 1932 HAS BEEN FAIRLY STABLE IN TERMS OF GOLD SINCE MARCH.

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

For release October 18, 1933

THE PRICE SITUATION, OCTOBER 1933

FARM PRICES

The general level of prices received by farmers is apparently about the same as in mid-September. Prices of grains, potatoes, and cattle have declined since a month ago, whereas hog prices have increased some. Prices received by farmers in mid-September were 70 percent of the 1910-1914 average compared with 72 in August, 76 at the year's high point in July and 59 in September last year. Prices paid by farmers have, on the other hand, continued to increase since March. The index of prices paid by farmers rose from 100 percent of the pre-war average in March to 116 on September 15.

The exchange value of farm products has consequently declined since July with falling prices of farm products and rising prices of commodities bought by farmers. The exchange value of farm products in mid-September was 60 percent of the pre-war average compared with 71 at the season's high point in July and 49 at the post-war low in February. However, the position of farmers is now somewhat better than is indicated by this ratio of prices received to prices paid for some farmers are receiving cash payments from the government and heavy marketings of livestock in recent months have more than offset the relatively low prices of livestock.

The cash incomes to farmers from marketings of grains, cotton, livestock and livestock products in September was 11 percent greater than in August, whereas the increase in income from these products usually amounts to about 21 percent from August to September. Income from these products in September 1933, however, was 14 percent higher than in September 1932. The smaller than usual increase in incomes from August to September this year was due to more than the usual seasonal declines in income from dairy and poultry products and hogs, and less than the usual increase in income from cotton.

The general level of farm wages on October 1 was 86 percent of the 1910-1914 average compared with 78 on July 1, and 84 on October 1, 1932. The rise in farm wages from July to October this year was a little more than three times as large as the usual seasonal rise. This marked rise was due chiefly to a reduction in the supply of farm labor and to a lesser extent to an improved demand for hired farm laborers.

WHOLESALE PRICES

The general level of wholesale prices rose 2 percent during the last 3 weeks of September, after being practically unchanged from mid-July to early September. The Bureau of Labor Statistics' index of wholesale prices is now about 104 percent of the 1910-1914 average compared with 87 at the low point in early March; an advance of 20 percent. The recent rise in the wholesale price level has been due almost wholly to the continued sharp advance in prices of fuel and lighting products along with lesser advances in textiles, house furnishing goods, and building materials. At the end of September

wholesale prices of farm products were 81 percent of the 1910-1914 average compared with 101 for foods and 117 for nonagricultural products.

The gold value of the dollar on October 16 was 71.3 cents compared with 64 at the low point on September 20 and an average for August of 70 cents. The decline in the gold value of the dollar in September, unlike that prior to July 18, was not associated with any significant rise in prices of speculative commodities and securities. Several reasons have been advanced in explanation of this phenomenon, perhaps the most important of which was the associated decline in the gold value of the pound sterling.

Wholesale prices in Germany rose each month from April through August with a total rise of 4 percent. In England, prices rose nearly 7 percent from April to July and then were practically unchanged in August and September. Prices in France reached a low point in May, rose 4 percent by July, and then declined 1 percent in August. In Italy, there was a small temporary mid-summer rise with a subsequent decline; the level in September being the same as the previous low from April - May. Canadian prices receded in August after a sharp advance from February to July. Wholesale prices in Japan since April have recovered most of the loss which occurred early this year following the sharp advance which took place in the last half of 1932.

BUSINESS CONDITIONS

The decline in industrial activity which was evident in the latter part of July and in August continued through September, but there was some evidence of improvement early in October. Despite the further decline in industrial production in September, indications are that employment and payrolls continued to increase. Retail sales failed to continue the increase of earlier months and showed a decline of 9 percent from August to September. General strikes in several industrial areas have been partly responsible for the decline in activity in some types of production, notably bituminous coal and silk textiles. Toward the end of September and in the first part of October, there were some signs of stability with slight improvement occurring in automobile, steel, and electric power production. Financial conditions during September were marked by a decline in bond prices, a slight increase in commercial loans and further increases in the surplus reserves of member banks.

The Federal Reserve Board index of industrial production declined from 101 in July to 92 in August and weekly statistics of productive activity during September indicate about the same decline from August to September as occurred from July to August. The production of iron and steel, automobiles, textiles, flour and coal as well as production in some of the smaller industries, all showed declines from August to September. During the latter part of September and the first part of October there were indications that the decline in industrial activity was slowing up. For the last 2 weeks of September the New York times weekly index was practically unchanged at 78 percent of normal, but with a slight rise during each of the 2 weeks ended October 7. Steel activity for the first 2 weeks of October increased 3 percent over the preceding week. Building activity continues at low levels but contracts awarded for all types of construction in September were somewhat higher than in August.

Employment and payrolls apparently continued to increase during September despite the further decline in industrial activity. From August 15 to September 15 employment in factories in New York State increased 6 percent and payrolls 8 percent which is much more than the usual seasonal increase. The increased employment was not accompanied by increased retail sales during September. During the first part of the month retail sales in department stores fell off sharply. This was partly offset by increased sales later in the month, but for the month as a whole sales averaged 9 percent less than in August. As retail prices were advancing during this period the volume of sales showed a still further decline.

The financial situation during September continued the trend of the past few months with only negligible increases in loans and a further increase in surplus reserves thus further increasing the liquidity of banks. Prices of both bonds and stocks declined during the month. Short-term money rates continue low.

Improvement in business activity in foreign countries continued during the past month. In general all European countries are manufacturing the textiles and other products normally imported, thus stimulating production, but exports continue to be curtailed by trade restrictions and by low prices of raw materials in those countries which import manufactured products from Europe. The upturn in industrial activity in Great Britain continued through September with retail sales also encouraging. The progress recorded earlier in Italy has been maintained. In Japan, business activity continues at high levels and relations between Japan and China are becoming more friendly. The further decline in the value of the dollar in terms of gold during the past month caused considerable concern in countries whose currencies are still related to gold and resulted in some increased restrictions against imports from the United States to these countries.

WHEAT

In spite of a smaller world crop than that of last year world wheat prices in terms of gold have recently fallen to the lowest point reached during the current depression. This appears to be primarily the result of a large crop harvested in the importing countries of Europe which greatly restricts import demand, especially during the early part of the marketing season. However, the import demand for the year seems likely to be sufficient to readily absorb the quotas allotted in the London Wheat Agreement unless exports from Russia should be unexpectedly large, and some recovery from recently extremely low levels of world wheat prices (in terms of gold) seems likely. In the United States prices are largely dependent upon the foreign exchange value of the dollar and the domestic wheat situation. The governmental aid being given the exporting of wheat in the Pacific Northwest promises to result in United States market prices continuing well above an export basis throughout most of the current season.

The United States average farm price of wheat as of September 15 was 71.1 cents per bushel, and market price changes during the past month indicate that the mid-October farm price will be about the same. The September 15 price was 71.1 cents compared with 37.4 cents in September of last year. The high point for the monthly farm price during the current season was reached in July with an average of 86.9 cents per bushel, but by mid-August it had declined to 74.7 cents.

World market prices of wheat have been declining fairly steadily ever since mid-July. December futures at Liverpool, when measured in terms of gold, reached a high point of 63 cents a bushel on July 19, while by October 13 they had declined to 41.6 cents. This level is lower than any reached during 1932 or the early months of 1933. The decline has consequently brought prices of wheat at Liverpool, when measured in terms of gold, to the lowest levels in recent history. In terms of United States currency the decline of world market prices since mid-July has been more irregular than in terms of gold, and the decline of prices in the United States has been very irregular. In the United States there was a marked recovery which raised December futures at Chicago from 85-1/8 cents on September 9 to 97-5/8 on the 19th. Closing prices on October 14 were the lowest reached since June, December futures at Chicago closing at 74-7/8 cents per bushel.

The shortness of durum wheat supplies has resulted in their prices having risen relative to those of other representative wheats. No. 2 Amber Durum at Minneapolis averaged 100.7 cents per bushel for the week ended October 7 compared with 88.3 cents for No. 1 Dark Northern Spring at the same market. As of October 1 the total durum wheat crop was estimated at 18,519,000 bushels compared with 18,853,000 forecast in July. The preliminary estimate of hard red spring wheat production on the other hand was 98,314,000 bushels compared with a July forecast of 93,374,000 bushels.

At Kansas City No. 2 Hard Winter averaged 86.5 cents during the week of October 7. This was nearly as high as No. 1 Dark Northern Spring at Minneapolis and practically on a par with No. 2 Red Winter at St. Louis, which averaged 87.0 cents per bushel. The fact that prices of hard winter wheats at Kansas City are higher than usual relative to soft winter and hard red spring wheats is to be attributed to the very short crop in the southwest. Nevertheless supplies of hard red winter carried over from last season appear to be more than ample to supply needs for the season and a normal carry-over, unless feeding of wheat should again be heavy.

The total crop of the United States is now estimated at 515,000,000 bushels which is about 100,000,000 bushels less than the expected domestic consumption for the season of from 600,000,000 to 625,000,000 bushels. The probable domestic consumption here given is based on the assumption that feeding of wheat will not be as large during the current season, as it has been in the three previous seasons. If domestic consumption is in excess of the crop by 100,000,000 bushels and net exports amount to 47,000,000 (the allotment under the London Wheat Agreement) our carry-over would be reduced from 386,000,000 bushels as of July 1, 1933 to about 240,000,000 as of July 1,1934. This latter would be slightly smaller than the July 1, 1929 carry-over and much less than that of any subsequent year. There is, of course, the possibility that the very short crop of feed grains may result in heavier feeding of wheat than is anticipated and hence in an even greater reduction of the wheat carry-over.

There have been a number of revisions in the estimates of wheat production of the various countries during the past month, all of them upward, so that total European production is now placed at 1,637,000,000 bushels compared with 1,490,000,000 last year, and the production of 41 Northern Hemisphere countries is now indicated to be 3,031,000,000 bushels for this year compared with 3,228,000,000 for last year. For the importing countries of Europe estimates

now total 1,291,000,000 bushels compared with 1,266,000,000 for last year. This increase suggests some reduction in total takings of wheat by the importing countries. Last year (July to June) shipments to Europe, according to Broomhall, amounted to 442,000,000 bushels, while net imports of European countries promise to amount to about 465,000,000 bushels, according to official statistics. Net imports of European importing countries are likely to be between 400,000,000 and 450,000,000 bushels and of other importing countries somewhat over 150,000,000 bushels.

A larger share of the import demand will be supplied by the exporting countries of the Danube Basin since these latter have a crop of 345,000,000 bushels compared with 324,000,000 last year. The increase in exports from the Danubian countries would in no case have been as great as the increase in their crop. Furthermore, according to terms of the London Wheat Agreement, the four exporting countries of the Danube Basin are limited to exports of from 50,000,000 to 54,000,000 bushels during the crop year August to July, 1933-34. The four principal overseas exporting countries (Argentina, Australia, Canada and the United States) were allotted quotas totaling 462,000,000 bushels.

Despite recent increases in the crop estimates of some of the importing countries it seems likely that the 462,000,000 bushels allotted to overseas exporting countries will be readily absorbed by the importing countries unless exports from Russia should be unexpectedly large.

With the total of exports from the Danube Basin and the four principal overseas exporting countries amounting to from 512,000,000 to 516,000,000 bushels, exports from Russia and the minor exporting countries of North Africa and India could be over 80,000,000 bushels without total exports exceeding 600,000,000 bushels, which promises to be the amount of import takings should prices remain as low as they now are. Consequently, it seems likely that some recovery from the extremely low level of wheat prices in terms of gold is to be expected during the coming months unless Russian exports should be larger than last year. There is, of course, the possibility that a material change in the outlook for crops of the Southern Hemisphere or some other difficulties would prevent carrying out the terms of the London Wheat Agreement, but in the absence of such an occurrence some improvement of world prices may be looked for.

Recently Chicago futures have been in the vicinity of 20 cents a bushel (United States currency) higher than Liverpool. Usually when the United States has an exportable surplus of wheat Chicago prices are considerably lower than Liverpool. Although the United States now has an exportable surplus of wheat, the fact that governmental aid is being given exporting in the Pacific Northwest and that the carry-over of wheat will be materially reduced east of the Rockies without any exports, promises to result in United States prices continuing to be well above an export basis throughout most of the current season. These subsidized exports, however, appear to be having a temporarily depressing effect upon world market prices.

FEED GRAINS

Feed grain production is low, not only compared with that of past years, but also relative to the probable consumption of these grains.

The course of prices of all feed grains during the next few months will be dependent to some extent upon monetary conditions. If the value of the dollar should remain at approximately its present level, it seems likely that some further decline in the price of corn may result as new crop supplies come to market more freely. Due to

shortness of corn supplies, as well as of other feed grains, however, this decline should be moderate and it seems likely that oats prices will be little affected by it. Following the period of heavy marketing a rise in corn prices and some strengthening of oats prices seems quite likely in view of the short supplies available for the season especially if there is some improvement in prices of livestock and livestock products. In case there should be a rise in the exchange value of the dollar, relative gold prices of grains would be adversely affected, whereas a further depreciation of the dollar would tend to enhance prices.

Prices of barley, especially of a type suitable for malting, may be expected to continue high relative to prices of other feed grains because of the combination of the short barley crop and an increased demand for barley for malting purposes. Oats may also be expected to continue to be high relative to corn prices when differences in the bushel weights are taken into account because the oats crop is relatively much shorter than the corn crop.

Changes in market prices in the past month indicate that the October price of corn will average lower than that of a month earlier, while oats, and barley prices are likely to be about the same. The United States average price of corn as of September 15 was 46.5 cents per bushel compared with 48.8 cents in August, 55.4 cents in July and 28.0 cents in September of last year. Oats prices averaged 32.3 cents in September compared with 32.2 cents in August, 39.1 cents in July, and 14.4 cents per bushel in September of last year. Barley averaged 42.8 cents as of September 15, compared with 40.2 cents in August, 47.6 cents in July, and 20.1 cents per bushel in September 1932.

Total production of feed grains in 1933 was smaller even than the very short crop harvested in 1930. Furthermore the number of grain consuming animals is now larger than in 1930. Combining the production of corn, oats, barley, and grain sorghums, total production in 1933 amounted to 82,153,000 tons compared with 110,491,000 last year, and an average of 100,226,000 tons in the past 5 years. In 1930 total production of these feed grains amounted to 87,126,000 tons. Prior to the current season the smallest feed grain production of recent years was in 1930. This year crops of both oats and barley are very much smaller than those of 1930 whereas corn and grain sorghum production is larger. The corn crop is now forecast at 2,291,000,000 bushels compared with 2,875,000,000 last year and 2,058,000,000 in 1930. The oats crop is estimated at 699,000,000 bushels compared with 1,238,000,000 last year and 1,276,000,000 in 1930. Barley production is estimated at 160,000,000 bushels compared with 300,000,000 last year and 304,000,000 in 1930, while the estimated grain sorghum production is 107,000,000 bushels this year compared with 106,000,000 in 1932 and 64,000,000 in 1930.

The demand for feed grains is largely dependent upon the number of farm animals and the level of prices of meat animals and dairy products. Though the reduction of hog numbers, which has been carried out through the efforts of the Agricultural Adjustment Administration, will have a significant tendency to reduce the number of hogs to be fed, any improvement in prices of livestock and livestock products would at least partially counteract this tendency for a reduction in the demand for feed grains.

Though prices of feed grains have declined considerably since mid-July they have held up better than has the price of wheat due primarily to the short supplies. At Chicago No. 3 Yellow corn, which reached the high point for the week ended July 15, of 61.6 cents per bushel declined to 41.9 cents for the week ended October 7. Oats, after reaching a high of 44.8 cents for the week of July 8 declined to 33.0 cents for the first week of October. The highest weekly average price of Special No. 2 Barley at Minneapolis which was reached in July was 73.8 cents per bushel. From this point prices declined to 53.0 cents for the week ended August 19, but they have since risen to a high point of 75.5 cents for the week of September 23 and averaged 69.5 cents for the week ended October 7.

RICE

The movement of rice from farms to mills during August and September was somewhat heavier than for the corresponding months last year. The supplies to be marketed, however, are below last year and considerably below average. Sales of milled rice during the same period were somewhat lower this year. Rice prices in the Southern Belt continued to advance during September, partly as a result of short supplies and partly because of the anticipation of a fixed price under the proposed marketing agreement. Prices of rough rice have been fixed in the Southern Belt by the Secretary at $3.15 per barrel for No. 1 Blue Rose, other varieties at a fixed discount or premium. These prices are to become effective October 16. In California, where the marketing agreement is now in effect, prices have been fixed at $3.60 per hundred pounds, basis extra fancy California-Japan with other grades of milled rice fixed at a given discount.

Southern Belt

At New Orleans fancy blue rose averaged $3.37 per hundred pounds for September compared with $3.19 for August and $2.24 for September 1932. Brewers' rice and screenings in the Southern Belt have advanced correspondingly, being quoted from $2.25 to $2.50 for the first week of October. Prices of rough rice have not changed materially during the last few weeks. Early prolific was quoted from $2.50 to $2.75 per barrel during the first week of October and blue rose from $3.00 to $3.15 per barrel. Of the marketings to October 1, about half was early prolific and less than 5 percent blue rose.

Stocks of both rough and milled rice in millers hands on October 1 were equal to 1,157,000 barrels compared with 1,012,000 a year earlier. Shipments from mills during September totaled about 60,000,000 pounds compared with 71,000,000 for September 1932. Exports from Southern ports during September totaled about 1,500,000 pounds compared with over 5,000,000 for September last year. Shipments to Puerto Rico during September were about 10,000,000 pounds, compared with 12,500,000 in September last year. Sales of milled rice in continental United States were somewhat smaller in September than for September of last year.

California

At San Francisco, fancy California-Japan rice averaged $3.31 for September compared with $3.36 for August and $2.22 for September last year. Exports of California rice for September totaled about 60,000 pounds compared with 104,000 for September last year. Shipments to Hawaii during September totaled 5,630,000 pounds compared with 5,926,000 for September

1932. The rice marketing agreement, which is now in effect in California, provides for a Secretary's price, which is to be the basis of sales. Sales must be made within a very narrow range above or below the Secretary's price. The Secretary's price, which was proclaimed on September 26, and which is still in effect, is $3.60 per hundred pounds for extra fancy California-Japan. Other claims are listed at a fixed discount. This price was set at about the current market price on September 26 and is somewhat below parity price. If California prices are advanced by any considerable amount the spread between middle quality at Tokyo and No. 1 Brown at San Francisco may be sufficient to permit importation of Japanese rice in Hawaii and California. The spread between these grades on October 13 was about the same as the import duty on brown rice.

TOBACCO

Auction floor prices of flue-cured tobacco have been substantially improved since the markets reopened September 25, according to available data. Bureau of Agricultural Economics reports indicate that prices have advanced for all grades and qualities, with increases ranging between 20 percent and 40 percent on the more important grades (see table). In August, state reports show that the average price of all sales (132,000,000 pounds) was 11.9 cents per pound compared with 11.4 cents a year earlier. In September, the markets were open only 6 sale days, owing to the market holiday, and complete reports for this period are not yet available.

Flue-cured tobacco: Prices per pound for selected grades, Farmville and Washington, N. C., stated period, 1933-34 season
(BAE Grading Service)

Grade and quality	Average for week ended Sept.30,1933	Average for week ended Oct. 7,1933	Average for sale day Oct. 11,1933
	Cents	Cents	Cents
Leaf grades:			
B3L	21.6	25.8	27.7
B4L	18.6	19.8	23.7
B5L	14.0	13.6	16.6
B6L	8.7	8.8	11.8
Cutting grades:			
C4L	23.7	27.4	26.8
C5L	19.9	23.6	26.1
Lug grades:			
X1L	20.3	21.6	24.6
X2L	16.4	17.3	20.8
X3L	12.1	13.3	16.6
X4L	8.6	8.8	10.4

The recent increase of flue-cured prices has been due, no doubt, to activities of the Agricultural Adjustment Administration through its production adjustment program and marketing agreement with the large domestic buyers. Growers have agreed to reduce production in 1934 and 1935 by any amount requested by the Secretary of Agriculture, not exceeding 30 percent of the average of the past 3 years. The companies have agreed to purchase at an average price of not less than 17 cents per pound, at least as much

flue-cured tobacco as they manufactured last year (about 250,000,000 pounds). The nature of the agreement is such that it is anticipated that it will continue to have a favorable influence upon prices throughout the season. Officials in the Agricultural Adjustment Administration estimate that "for that part of the flue-cured crop purchased for domestic use, growers will receive an increase of from $10,000,000 to $12,000,000 above what they would have received at the level of prices prevailing prior to September 25." The prices paid by exporters also appear to have been increased.

The estimated 1933 flue-cured production of 705,000,000 pounds on October 1 is 332,000,000 pounds larger than the greatly reduced crop of 1932 and about 100,000,000 pounds, or 17 percent, larger than the estimated annual world consumption of this tobacco. World carry-over, on the other hand, was reduced about 225,000,000 pounds, or 18 percent during the year so that total world supply is only about 4 percent larger than last year. With a crop in 1934 of around 500,000,000 pounds, as proposed by the Administration, world supply next year would be smaller than for other recent years.

The domestic manufacture of flue-cured tobacco for the first 8 months of 1933 apparently has been larger than that for the corresponding period of 1932. Internal revenue reports show an increase of about 10 percent in the manufacture of cigarettes and a decrease of 1 percent in the manufacture of tobacco (smoking and chewing combined). Cigarettes represent about two-thirds of the domestic flue-cured consumption and manufactured tobacco about one-third. However, it is doubtful if the consumption actually increased as much as these figures indicate, as a part of the cigarette output appears to have gone to increase inventories.

The principal export movement of flue-cured tobacco does not usually begin until September or October. Exports of 13,700,000 pounds in August were smaller than the July exports but larger than those in August last year. Export buying is reported to be more active this year than for either of the past 2 years, due in part no doubt to the more favorable exchange rates and reduced foreign stocks. As a rule, more than half the total production of flue-cured is exported.

POTATOES

Potato prices in central markets have declined steadily since the middle of July. To date there is no evidence that the low point for the season has yet been reached but on the strength of what occurred during 2 previous short-crop years, a reversal of the price-trend may be expected during the next few weeks; also the extent of the rise between now and next April may be great enough to carry potato prices to levels more than twice as high as the present lows.

The average price for the week ended October 7 was about 60 percent below the July peak in western markets and about 38 percent below in eastern centers. These declines, however, are not unusual in seasons similar (from a supply standpoint) to the present one. During the 1919 and the 1925 seasons in which supplies of late potatoes were similar to those of this year, prices at Chicago declined 55 percent and 46 percent respectively from the summer peak to the October low point; while at NewYork the decline (in potato prices) amounted to 59 percent in 1919 and 28 percent in 1925. During 1919 the low point in the price trend was reached about the middle of October, whereas in 1925 it came during the first week of that month. During

the 1919-20 and the 1925-26 seasons, prices rose approximately 225 percent and 150 percent respectively above the low point in October to the seasons high the following April.

At New York, potato prices averaged $1.94 per 100 pounds during the first week in October, compared with $2.15 per 100 pounds a month earlier and 84 cents a year ago. At Chicago, round whites averaged $1.30 per 100 pounds for the first week in October compared with $1.81 a month ago and 65 cents a year ago. Shipping point prices have shown similar declines during recent weeks. Sacked green mountain potatoes at Presque Isle, Maine averaged around $1.25 per hundred pounds f.o.b. during the first week in October or a decline of about 20 cents from the season's opening prices. Round whites at Rochester, New York, on the same basis averaged $1.33 per hundred pounds early in October, while at Waupaca, Wisconsin they averaged about $1.02, or a decline of about 40 cents from the season's opening level. Idaho russets at Idaho Falls averaged 80 cents f.o.b. cash track per 100 pound sack, or a decline of about 15 cents from the middle of September.

On September 15 the United States farm price of potatoes was $1.01 per bushel compared with $1.31 on August 15, 38 cents a year ago and 74.8 cents the September average 1910 to 1914.

The higher prices this season have brought out much heavier rail shipments than were recorded in 1932. To date the late shipping states have moved slightly more than 30,000 cars compared with only 20,600 cars last year. During the week ended October 7 about 5,630 cars moved into market channels, compared with 4,650 the previous week and 3,160 cars the corresponding week a year ago. This heavier movement is expected to slow up during the next few weeks, or as soon as digging operations are completed and storage supplies are moved into warehouses.

The October 1 report of the Crop Reporting Board indicated a total potato crop of 307,382,000 bushels for 1933 or an increase of about 14,000,000 bushels over the September forecast but about 50,000,000 bushels less than the 1932 production which was about an average crop. Improvement in moisture conditions and general freedom from damaging frosts during September, particularly in the western and eastern surplus producing states, contributed to the marked recovery in the late potato crop. Production in the 18 late surplus states is now estimated at 221,000,000 bushels, compared with 250,000,000 last year; in the 12 other late states it is forecast at 29,300,000 bushels compared with 42,400,000 in 1932. With the short crops in the late surplus states it is likely that storage supplies to be carried over for the late winter and spring market will be unusually small.

Recent reports indicate that growers intend to plant larger acreages of early potatoes in 1934 than was harvested in 1933. Growers' intentions-to-plant reports indicate increases of 36 percent in the first section of the early states, 18 percent in the second section, 17 percent in the second early states, and 16 percent in the intermediate states. If these planting plans are carried out the 1934 acreage of early potatoes in the 19 early and intermediate states will be increased 19 percent over that harvested in 1933.

HOGS

Hog prices rose sharply during the last half of September in response to a seasonal reduction in slaughter supplies and a stimulation in the demand for fresh pork as a result of cooler temperatures. The advance continued during early October, and in the second week of that month the top price of $5.55 per 100 pounds paid at Chicago was the highest reached thus far in 1933 and was equal to the highest price paid at any time since September 1931. Storage holdings of pork and lard in September were reduced more than usual for the month but are still larger than the stocks of a year earlier which were about average. The market movement of new-crop hogs (1933 spring pigs) apparently has been somewhat slow in getting underway, pending the announcement of the Federal program for controlling hog supplies and production. Slaughter supplies during November and December, however, are expected to be not greatly different from those of a year earlier.

Although prices of heavy weight hogs have advanced more than those for the lighter weights the spread between prices of heavy hogs and medium weight hogs is still relatively wide. The average price of hogs at Chicago in September was $4.24 per 100 pounds compared with $3.97 in August and $4.00 in September 1932. The average during the first week in October was $4.68 compared with $3.71 in the corresponding week last year.

Hog slaughter under Federal inspection during September, amounting to 3,038,000 head, exclusive of those slaughtered for government account, was 12.6 percent smaller than in August and 6.6 percent smaller than the record September slaughter of last year. This was the first time since March that slaughter fell below that of the corresponding month last year. Total slaughter for the marketing year which ended September 30, amounted to 47,103,000 head. This was 447,000 head more than that of a year earlier and was the largest for any crop year since 1928-29.

Under the Federal emergency hog supply reduction program, a total of 6,140,000 pigs weighing less than 100 pounds and 214,000 piggy sows weighing over 240 pounds were slaughtered for government account during the period of August 23 to September 29. About 85 percent of the pigs slaughtered were classed as light weights and were converted into inedible products.

The hog-corn price ratio in the Corn Belt States advanced 3 tenths of a point between August 15 and September 15, but the average of 9.2 at the latter date was the lowest for the month since 1924 and was 6.4 points below the relatively high ratio of a year earlier. As a result of the rise in hog prices and the decline in corn prices, the ratio during the first week of October, based on prices at Chicago, was 11.4 as compared with 9.4 in the preceding week.

Wholesale prices of fresh pork advanced sharply during September and at the end of the month were considerably higher than those of a year earlier at both Chicago and New York. Prices of most cuts of cured pork were somewhat lower in September than in August and the declines were relatively greater at the eastern markets than at Chicago. The composite wholesale price of hog products at New York was $11.65 in September, compared with $11.39 in August and $11.80 in September last year. The rise from August was caused

almost entirely by the sharp advance in fresh pork prices. The retail value of hog products from 100 pounds of live hogs was $8.65 during September compared with $8.36 during August and $8.90 in September last year. The spread between the value of the live hog at Chicago and the retail value of pork and lard at New York was $3.82 during September, compared with $3.85 in August and $4.45 in September last year.

Although pork and lard were moved into consumptive channels at greater than average rates during September, storage holdings of lard on October 1, the beginning of the new hog marketing year, were the largest on record for that date, and pork stocks were the second largest. A near record volume of pork and lard will have to be moved out of storage cellars during October if the holdings of these products are to be reduced to average proportions by November 1, the beginning of the new storage season. Pork stocks on October 1 totaling 629,000,000 pounds were 128,000,000 pounds smaller than those of a month earlier but they were 26 percent larger than those of a year earlier and 24 percent larger than the 5-year October 1 average. Lard stocks were reduced 32,000,000 pounds during September or about the same as the 5-year average reduction for that month, but the total of 193,000,000 pounds on October 1 was 173 percent larger than that of a year earlier, and 100 percent larger than the 5-year October 1 average. Total commercial storage holdings of hog products on October 1 were equivalent to about 5,100,000 hogs.

United States exports of both pork and lard during August were slightly smaller than those in July, but were larger than in August 1932. Pork exports for the month, amounting to 13,000,000 pounds, were 80 percent larger than the relatively small pork exports during August last year, but were 36 percent smaller than the 5-year August average. Lard exports, totaling 36,000,000 pounds, were nearly 2 percent larger than those in August 1932 but were 22 percent smaller than the 5-year average for the month. Shipments of both pork and lard from the principal ports during September were larger than those in September last year. Total pork exports for the first 11 months of the 1932-33 marketing year were 2 percent larger than those in the corresponding period a year earlier and exports of pork were 6 percent larger.

Normally, the short feed crop of this year and the relatively low hog-corn price ratio would tend to cause relatively heavy marketings of hogs during November and December and result in a greater-than-average seasonal reduction in hog prices this fall. The removal of 6,200,000 pigs from the supply that otherwise would have been marketed between January and April 1934 may cause many producers, however, to hold part of their hogs over into early 1934 in anticipation of benefitting from probable higher prices at that time. Hence, the seasonal price decline during the remainder of 1933 may be somewhat less than usual.

CATTLE

Supplies of cattle, both market and slaughter for the last 3 months of this year are expected to be large although a rather sharp reduction in good and choice fed cattle is probable after the middle of November. The supplies may be so great as to prevent improvement in prices for any kind of cattle, except these grades of fed steers, before the end of the year.

The cattle market continued weak during most of September and prices for most kinds of cattle dropped to the lowest levels yet reached. Good

and choice steers, which usually advance in price after July, gave no evidence of such a tendency during September and the average for these grades at Chicago for the month was lower than for August and the lowest since May. All grades of cows and all heifers, except grain finished light weights, reached new low levels. Reflecting the weakness of beef steers, stocker and feeder prices also declined to new low levels.

The average of choice and good steers for September of $6.53 and $5.80, 22 and 9 cents, respectively, below August, and $2.92 and $2.32 respectively, below September 1932. The monthly average of stocker and feeder steers at Chicago in September was $3.87 this year compared with $5.10 last. The farm price of beef cattle September 15 was $3.61, compared with $3.79 in August and $4.31 in September 1932.

Slaughter supplies of cattle during September did not show the relative increase shown in July and August, and this increase was not reflected in receipts at the seven leading markets. While slaughter at 821,000 head was nearly 14 percent larger than in September 1932, and the largest for the month since 1927, receipts at seven leading markets were 4 percent smaller than in September 1932. A part of this discrepancy between market receipts and slaughter was due to the very small shipments of stocker and feeder cattle, which from four leading markets were less than 60 percent as large as in September last year. Receipts of good and choice steers at Chicago in September, while larger than in September 1932, were below the average for the month.

The movement of stocker and feeder cattle into the Corn Belt States since July 1 has been very small. For the 3 months July to September shipments were 30 percent smaller than for the period last year and much the smallest in 15 years. This restricted demand for such cattle is ascribed to several causes: the short corn crop in the Corn Belt; the relatively high prices of feed grains, hay and other feeds compared with fat cattle prices; the failure of the fat cattle market to make any seasonal advance since June and the generally unfavorable returns from cattle feeding during the last 12 months. Some increase relative to last year in the movement of feeder cattle over the small movement to the end of September is expected in October and November, but all present indications point to a sharp curtailment in feeding operations this coming winter.

BUTTER

Butter prices improved from mid-August through September due to a seasonal decline in production, and plans for using surplus butter for relief purposes. Consumer expenditures for butter were lower in August than in the same month of the preceding year. Butter production is decidedly larger than a year earlier, while the movement into consuming channels is less, and large storage stocks have accumulated. The large supplies of butter will tend to prevent the usual seasonal rise in prices from now until the end of the year.

Production of creamery butter in August reached a new high for the month of 166,900,000 pounds, 11.5 percent more than a year earlier and 9.7 percent larger than the preceding high for August in 1929. The New England States were the only group of states in which August production was less than a year earlier. In the West North Central and South Central States August production was about 18 percent larger than in August 1932.

Milk production per cow as reported by crop correspondents on October 1 was 11.98 pounds, or 1.2 percent less than the low production on October 1, 1932. For the 2 preceding months production per cow had been 1.2 percent larger than a year earlier. Crop correspondents reported milking 69.3 percent of the cows in their herds, a slightly larger percentage than on October 1, 1932.

The price of 92-score butter at New York rose from 19.6 cents for the week ended August 19 to 24.2 cents for the week ended October 7. This rise was 80 percent as great as the decline in price from early July to mid-August. The decline in production and the surplus marketing operations in butter tended to raise prices. The average price of 92-score butter at New York in September of 23.6 cents was 2.3 cents higher than in August and 2.8 cents higher than in September 1932.

The farm price of butterfat in mid-September of 19.6 cents was 2.0 cents higher than a year earlier, but was equivalent in price to only 22 pounds of feed grains compared with 37 pounds a year earlier, and the 5-year 1925 to 1929 average of 30 pounds. Low prices of butterfat in relation to grains if continued for a relatively long period will tend to curtail production.

The trade output of butter in August was 6.4 percent less than in August 1932, in contrast with the 11.5 percent increase in production. Retail prices of butter in August were only slightly higher than a year earlier. The change in trade output and retail prices indicates that consumer expenditures in August were 5 percent less than in the same month of the preceding year. In May, June, and July consumer expenditures for butter had been decidedly larger than in the same period of 1932.

Cold storage holdings of creamery butter on October 1 were 174,900,000 pounds, nearly twice as large as on the same date of the preceding year and the highest on record for that date. During September the out-of-storage movement was only 600,000 pounds compared with the 5-year average of 14,000,000 pounds.

Prices of Danish butter in London converted at the current rates of exchange are about the same as the price of 92-score butter at New York.

CHEESE

Cheese prices in September were lower than in mid-summer and lower than a year earlier. Consumer expenditures for cheese have not increased over the corresponding month of last year. With current production considerably in excess of a year ago and stocks decidedly larger, the seasonal rise in prices from now until the first of the year will probably be relatively small.

Production of cheese in August of 49,900,000 pounds was 12.7 percent more than in August 1932 and 4.6 percent more than the previous record production for the month in 1932. The decline in production from July to August of 14 percent was about the same as the usual seasonal decline. American cheese production in August in New York State was 30.5 percent less than a year earlier, production on the Pacific Coast was also slightly less than a year earlier, but in Wisconsin, August production was 20 percent larger than in the same month of 1932.

The price of cheese (twins) on the Wisconsin Cheese Exchange in September averaged 10.5 cents. This was one half cent lower than in August, and also a half cent lower than a year earlier.

The trade output of cheese in August of 39,200,000 pounds was 13.0 percent less than in the same month of the preceding year in contrast with the increase in production of 12.7 percent. Based on the change in trade output and retail prices consumer expenditures for cheese in August were 9 percent less than in August 1932. In July there was an increase of 11 percent over the same month of the preceding year.

There was a further accumulation of cold storage stocks in September. October 1 holdings were about 5,000,000 pounds larger than a month earlier. In 1932 the into-storage movement in September amounted to 1,800,000 pounds. Cold storage holdings on October 1 of 99,400,000 pounds were the largest on record and about 30,000,000 pounds larger than a year earlier.

Imports of cheese in August amounting to 3,100,000 pounds were about 40 percent less than in August 1932, but for the first 8 months of the year imports were only 3 percent less than in the same months of the preceding year.

EGGS AND CHICKENS

The market price of eggs rose sharply in September and early October, the advance exceeding the month's usual seasonal gain by enough to offset the decline in August. The unusually large drop in production and receipts was chiefly responsible for this rise, although a level of consumption equal to that of last year was of importance. While consumption is likely to be maintained during the fall and winter, the future course of production is somewhat uncertain. A late but heavy hatch this past season is likely to result in a relatively greater production in the late fall and winter than at present. On the other hand, with chicken prices declining slightly more than the usual seasonal movement, and feed costs rising the situation is favorable for heavy marketings of chickens this fall. At present, however, it does not seem likely that this condition will result in an abnormally heavy sale of pullets, as the present rise in egg prices will provide an inducement to maintain flocks.

Prices of special packed midwestern eggs at New York averaged 23.0 cents per dozen in September and were 28 cents on October 9. Their average price in August was 19.2 cents and in September 1932 was 25.5 cents. The price of firsts followed a similar course averaging 18.0 cents in September. The farm price of 16.3 cents on September 15, was 78 percent of the 1910-1914 average for the corresponding month. This is about the same ratio that prevailed before the decline in August. Higher prices in October may have raised it somewhat more.

The farm price of chickens declined seasonally to 9.5 cents a pound on September 15. This is 0.3 of a cent less than in mid-August and 2.1 cents less than on September 15, 1932. The relative price for September was 80 percent of the 1910-1914 September average. This ratio has been declining for several months.

Receipts of eggs at the four markets during September were extremely low for the month, being 680,000 cases compared with 802,000 a year before and a 5-year average of 875,000 cases. Much of this reduction appears to

be due to a sharp cut in the size of the laying flocks. Flocks on farms of crop-reporters were 1.2 percent smaller on October 1 than a year before, whereas on September 1 they were but 0.6 percent smaller. Since layings per hen in these flocks on October 1 were but 8 percent below those of a year before, whereas on September 1 they were 9 percent below, it is evident that production per bird is increasing slightly. It is likely that because of the lateness of the hatch this year pullets have not yet entered the laying flock to replace the fowls normally culled out at this time.

Receipts of dressed poultry at the four markets were 24,300,000 pounds in September, 24,400,000 pounds a year before and 26,500,000 pounds for the 5-year average. In view of the heavy, but late, hatchings, last spring and summer it is probable that few young birds have been marketed yet and those at a low weight; farm consumption may also be quite high.

United States cold storage holdings of case eggs on October 1 were 7,468,000 cases compared with 4,895,000 cases a year before and a 5-year average of 7,553,000 cases. The out-of-storage movement for September this year was 1,476,000 cases whereas in September 1932 1,065,000 cases moved out and the 5-year average for September was 1,215,000 cases. This high rate of movement out-of-storage reduces the possibility of there being a burdensome storage surplus to depress prices in the winter.

United States' cold storage stocks of frozen poultry on October 1 were 50,156,000 pounds compared with 36,683,000 pounds a year before and a 5-year average of 49,078,000 pounds. The in-to-storage movement for September was unusually light, only 2,400,000 pounds whereas the 5-year average was about 8,000,000 pounds. However, the very heavy movement in August and the late season explain much of the light storing.

LAMBS

Slaughter lamb supplies in September were fairly large and average prices for the month made no improvement. The movement of feeder lambs to Corn Belt feed lots continue very light and prospective feeding in the Western States is smaller than last year. Slaughter during the last 6 months of the current marketing year is expected to be about as large as a year earlier.

Slaughter lamb prices tended to strengthen somewhat during the first half of September, from the low point reached at the end of August, but by the end of the month most of the advance was lost. The top on such lambs at Chicago advanced from $7.00 on August 28 to $7.75 on September 14 and then declined to $7.25, but with few lambs selling above $7.00. The average weekly price of good and choice lambs for the week ended September 2 was $6.86, for the week ended September 23 it was $7.18, and for the week ended September 30 it was $6.86. Prices of feeder lambs at Chicago did not change much during the month, with the top about $6.50. At Omaha feeder lambs advanced during the month and for a few days toward the end the top on feeder lambs was higher than for slaughter lambs. For the first week in October good and choice slaughter lambs averaged $6.74 and the same grades of feeders $6.25; for the corresponding week in 1932 slaughter lambs averaged $5.24 and feeders $4.95. The farm price of lambs in September was $5.08 compared with $5.26 in August and $4.11 in September 1933.

Supplies of lambs in September were smaller than a year earlier but above the 5-year average. Receipts at seven leading markets were 14 percent smaller but the reduction in inspected slaughter was less than 4 percent and was the third largest for the month on record. The movement of feeder lambs from markets to Corn Belt feed lots was about the same as the very small movement in September last and for the 3 months July to September were not greatly different from the small movement of last year which were 40 percent smaller than the 5-year average movement.

The movement of feeders into the Corn Belt to date and reports from the Western States as to prospective feeding operations both indicate that the number of lambs fed this year will be less than last. This would indicate a smaller slaughter supply of lambs for the 6 months, November 1 to May 1 than last year.

There are other indications that this supply may be about as large as last year. The slaughter of sheep and lambs for the first 6 months of the present crop year (with October estimated) will total about 9,000,000 head, compared with 9,203,000 for the same period in 1932, 9,520,000 in 1931, and 8,807,000 in 1930. In most years since 1922 the slaughter during the first 6 months of the crop year has been about 51 percent of the crop year (May 1 to April 30) total. Last year, however, it was 53.4 percent of the total. If the percentage this year should be about 51, slaughter during the 6 months, October 1933, to April 1934, would be larger than a year earlier; if the percentage should be as large as last year (53.4), which was the largest since 1921-22, the slaughter from October to April would be a little smaller than a year earlier. It seems probable that the distribution this year will be more nearly like that of last year than the average.

WOOL

The wool situation during recent months has been characterized by marked advances in prices and material increases in manufacturing activity in this country and abroad. Although domestic production of wool in 1933 is not greatly different from that of last year, the total world production probably will be considerably smaller. Early marketings of the wool clip in the Western States, the strong postion of foreign wool markets and the high rate of manufacturing activity have been important factors in the continued advance in domestic wool prices. While a continuation of the high rate of manufacturing activity of the summer months of this year for any considerable period is not expected, consumption during the last quarter of the year probably will be larger than a year earlier. Imports of combing and clothing wool since June have been relatively large, and further increases in such imports appear likely. Price changes on foreign markets, therefore, will have considerable influence on the course of domestic prices during the remainder of the present season.

Wool prices continued to rise at Boston during September for the seventh consecutive month and further increases were reported early in October. Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston averaged 83 cents a pound, scoured basis, the week ended October 7 compared with 81 cents the week ended September 9, and 48.5 cents the first week of October 1932. Territory 3/8 blood (56s) averaged 77.5 cents a pound the week

ended October 7 compared with 74.5 cents the first week of September and 43 cents the first week of October 1932. The United States' average farm price was 23 cents a pound as of September 15 compared with 22.5 cents on August 15 and 9.1 cents on September 15, 1932. Opening prices for merino wools were not fully maintained to the close of the London series on October 11, but the declines were small. Competition has been strong at the sales in Australia and South Africa.

Consumption of combing and clothing wool by United States manufacturers reporting in August was below the high level of the 2 previous months, but was well above average for that month. Average monthly consumption for the first 8 months of 1933 was slightly larger than the monthly average for the years 1923-1929, and was only 2 percent below the average for 1929, when consumption was the largest since 1923. Total consumption from January to August was 50 percent greater than for the same period last year. Prospects are favorable for a continuation of good activity in the immediate future. The situation in men's-wear mills late in September from the standpoint of unfilled orders was reported by the New York Wool Top Exchange Service to be better than it had been in years.

Imports of combing and clothing wool into the United States in the first 8 months of 1933 amounted to 26,314,000 pounds compared with 13,740,000 pounds imported in the first 8 months of 1932. Imports since July have been above average for that season of the year. The total for the first 8 months of the year, however, is far below average since imports from January to June were very small. Receipts of domestic wool at Boston for the first 9 months of this year were 16 percent larger than the 9-month average for the years 1928 to 1932. Receipts amounted to 234,000,000 pounds.

The 1933-34 marketing season in Southern Hemisphere wool producing countries has not begun and it seems certain that available supplies will be considerably smaller than for the 1932-33 season. A reduction of 15 percent in apparent supplies of wool is indicated for the three Southern Hemisphere countries, Australia, New Zealand and South Africa. Production in seven Northern Hemisphere countries was approximately the same as in 1932, but the total produced by these countries was less than half the quantity produced in the three Southern Hemisphere countries mentioned.

COTTON

Cotton prices continued to fluctuate rather widely during recent weeks. Middling spot cotton at ten markets on October 14 averaged 8.89 cents per pound, compared with an average of 9.19 cents for September and 7.40 cents for September 1932. Domestic cotton consumption during September declined still further, but was still above September in both 1932 and 1931. For the first 2 months of the season domestic consumption was 21 percent above the like period last season. The domestic crop is now estimated at almost 12,900,000 bales which, with a carry-over of nearly 11,600,000 bales, indicates a world supply of American cotton of approximately 24,500,000 bales, compared with a world supply in each of the 2 previous seasons of about 26,000,000 bales and a 10-year average of 18,500,000 bales. Despite the smaller supply of American cotton a prospective increase in foreign cotton indicates that the world supply of all cotton in 1933-34 will be slightly larger than in the 1931-32 and the 1932-33 seasons.

Cotton prices during September and the first part of October continued to fluctuate rather widely. The lowest daily average in the ten markets during September was 8.34 cents recorded on the 9th, but by September 19, the price in these markets averaged 10.00 cents, an advance in ten days of 1-2/3 cents per pound. Two days later, however, prices were 0.80 cents lower, but recovered to 9-3/4 cents by September 23. During the first part of October average prices in the ten markets ranged between 9 and 9½ cents. The average price of Middling 7/8 inch cotton in the designated markets during September was 9.19 cents compared with 9.24 cents in August and 7.40 cents in September 1932. The average United States farm price of cotton during September was 8.8 cents which was the same as in August compared with 7.2 cents per pound in September last year.

Domestic mill consumption in September amounted to about 499,000 running bales, according to the Bureau of the Census. This was about 90,000 bales or 15 percent below the August levels, and 28 percent below consumption in June, but the largest consumption in September since 1929. For the first 2 months of the 1933-34 season total domestic consumption amounted to 1,088,000 bales, an increase of 191,000 bales or 21 percent over August and September last season. Mill activity in many foreign countries has apparently held at somewhat improved levels during the past month or two, although the cotton mills in China were considerably less active in September than in June and July. The Chinese mills are now using considerably smaller proportions of American cotton than a year ago. Japan's mill activity has held at very high levels despite the higher Indian tariff which went into effect in June. As a result of this higher tariff the Japanese spinners agreed to boycott Indian cotton and as a result have been increasing the proportions of American cotton used.

Exports of American cotton during September amounted to 869,000 bales which represented a seasonal increase over the 531,000 bales exported in August and were the highest for September since 1930. From August 1 to September 30 total exports from the United States amounted to 1,400,000 running bales compared with 1,186,000 bales during the like period last season. The increase this season is accounted for by larger exports to Great Britain and Japan.

With the domestic crop now estimated at 12,885,000 bales and the world carry-over at 11,597,000 bales the indicated world supply of American cotton for 1933-34 is almost 24,500,000 bales. While this is about 1,500,000 bales or 6 percent less than the record supplies of the two previous seasons, it is still almost 6,000,000 bales larger than the 10-year average supply of 18,500,000 bales. Present indications are that the world supply of all cotton in 1933-34 will probably be about as large as or possibly larger than the supplies of 1932-33 and in 1931-32 due to larger supplies of foreign cotton. The increase in supplies of foreign cotton is accounted for by both an increase in production and a larger carry-over. Egypt, with an estimated increase in production of 600,000 bales or 63 percent over the small crop of last year shows the greatest increase, while China's crop is expected to be about 500,000 bales or 15 percent larger than in 1932-33. The Mexican and Brazilian crops are also expected to be larger.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers	Commodity prices: United States: Wholesale 3/: 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/			2/	100	1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	92	56	73	72	102	70	68	73	1.75	98
Sept.				70					1.53	100

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, NOVEMBER 1933

FARM PRICES

Market prices indicate that the general level of prices received by farmers in mid-November is about the same as in each of the previous 2 months. Prices of grains, cotton, and several other crops have increased since mid-October whereas most livestock prices have declined.

Prices received by farmers in October and in September averaged 70 percent of the 1910-1914 level compared with 56 percent in October 1932, and the low point of 49 in February. Prices paid by farmers for commodities bought, after a marked rise from March to September have continued at practically a constant level for the last 2 months. The exchange value of farm products has consequently remained at about 60 percent of the pre-war level since mid-September compared with 49 in February and 53 in October 1932.

A considerable rise in prices of export commodities such as cotton and wheat have accompanied the renewed decline in the gold value of the dollar since mid-October. Prices of cotton, wheat, and other speculative commodities rose from mid-April to July 18 at a much greater rate than the depreciation of the dollar. After July 18, and for about 3 months, most speculative commodities declined whereas the dollar, although fluctuating considerably, maintained a fairly constant level.

As a matter of record - with the suspension of gold exports on April 18 the dollar began to depreciate rapidly in foreign exchanges and in terms of gold. The gold value of the dollar declined to 86 cents on May 1, 78 cents on July 1, and 68.6 cents at the mid-summer low on July 18. Thereafter the dollar appreciated to about 75 cents by mid-August, followed by a decline to 64 cents on September 20. On October 25 the first R. F. C. quotation on domestic newly mined gold was equivalent to a gold value of the dollar of 65.9 cents and on November 14 the gold quotation was equivalent to 61.6 cents.

WHOLESALE PRICES

The general level of wholesale prices in the United States at 103.5 percent of the pre-war average on November 4 was slightly lower than a month previous. Wholesale prices of farm and food products, and hides and leather declined in October, whereas fuel and lighting, and house furnishing goods increased. Prices of textiles, metals, chemicals and drugs, and miscellaneous products were practically unchanged. Fuel and lighting products, building materials, and house furnishing goods are the only groups whose prices have maintained a continuous upward trend from their respective low points earlier in the year.

Wholesale prices in England have been remarkably stable for the last 5 months. Prices in Germany have risen slightly each month from April through

September. In France prices declined in September to the April-May low and in Italy prices declined to a new low in October. Canadian prices, after a sharp advance from February to July, receded some in August and September. Wholesale currency prices in the major industrial countries in September (1927-1929=100) were as follows: Japan 81, United States 74, Canada 71, England and Germany 69, France 61, Italy 56.

BUSINESS CONDITIONS

Industrial production in October was below that of September and was marked by sharp declines in the production of iron, steel and automobiles in the latter part of October. During the first half of November there was a slowing down of the decline in steel activity. Automobile production, however, continued to decline sharply as many firms are preparing new models, the introduction of which has been delayed by tool and die workers' strikes. The lower level of production in October was accompanied by moderate declines in total freight traffic and in electric power production. Retail sales in October were in excess of a year earlier. Building activity in public works projects increased sharply in October, more than offsetting declines in residential and all other construction. The refinancing and adjusting of debts through government credit has increased rapidly the past month.

Industrial production in the United States declined from 91 percent of the 1923-1925 level in August to 84 percent in September according to the Federal Reserve Board's Index. The greatest declines in September occurred in the production of iron and steel, textiles, lumber and bituminous coal mining. During the first part of October, industrial production continued at approximately the levels of the latter part of September, but in the last 2 weeks of the month steel mill activity declined sharply and automobile production was curtailed in preparing for the introduction of new models. Production of bituminous coal declined further during October instead of making the usual seasonal increase and crude petroleum production was curtailed in line with the production control program.

During the first part of November, steel production steadied somewhat at the lower level of production reached the latter part of October. The continued upward trend of building during October and the agreement between the steel companies and the government on the price and the financing of the purchase of 1,000,000 tons of rails and fastenings for railroads brightens the prospects for the steel industry. The settlement of strikes in the more important bituminous coal producing areas has been followed by an increase in coal production in recent weeks.

Total retail sales in October were about the same as in September but below October last year. The Federal Reserve Board's Index of the value of sales in department stores was 69 percent of the 1923-1925 average in October compared with 70 percent in September and 69 in October last year. Mail order sales were well in excess of a year earlier. The retail sales of chain grocery stores in October were above September and above October last year. The sales of automobiles by distributors in October were below September as usual but materially above October 1932. The movement of merchandise and miscellaneous freight has continued steady but other carloadings failed to make the usual seasonal increase during October.

As the refinancing of debts is a very important function in laying the ground work for recovery after a period of depression, the recent accomplishments of the agencies set up to refinance and adjust debts is significant. The loans by the Federal Land Banks, including Land Bank Commissioners Loans, have increased sharply since July. Total loans by the Federal Land Banks increased from $7,252,000 in August to $13,068,000 in September and $29,546,000 in October; and in the early part of November, loans were being made at the rate of about $2,000,000 daily. The loans of other agencies of the Farm Credit Administration have also increased since May. Facilities for making loans by the Home Owners Loan Corporations have likewise been greatly increased. Loans on about 100,000 homes had been tentatively approved up to November 1 and the rate is rapidly increasing. Steps have been taken to release funds upon the assets in closed banks and to reopen such banks as can be placed in a sound condition. The loans made or refinanced through government credit is improving the credit situation of banks, and mortgage loan organizations which will increase the supply of credit available for long term financing.

In more recent months there has been a tendency for industrial production in foreign countries to stabilize or decline slightly. Industrial production in Canada during September was practically unchanged from August, but building activity is improving. The October total of construction contracts was the largest for any month since November 1931. The level of industrial production in France was practically unchanged from June through August and in the United Kingdom was slightly lower in the third quarter than in the second quarter of 1933. Improvement in steel, textile and paper production was slightly more than offset by declines in the production of non-ferrous metals, foods, chemicals and coal mining. In Japan, where industrial production from March to May was at record levels, there was a decline of about 10 percent in June. The decline in exports of silk from Japan in recent months is adversely affecting raw silk prices. The gradual improvement in Germany since August 1932 continued through to July of this year, but the level of activity has been practically unchanged since July.

WHEAT

Wheat prices at Liverpool and other world markets continue under the influence of large supplies in exporting countries and very restricted takings by importing countries, but the gradual decline in Liverpool prices (in terms of gold) which had been underway since mid-July was apparently arrested in mid-October. Present estimates indicate a world crop, excluding Russia and China, about 220,000,000 bushels less than last year but the carry-over at the beginning of the year was larger and total supplies are estimated to be smaller than last year by only about 100,000,000 or 150,000,000 bushels. Wheat price fluctuations in the United States during October and early November were, in part, associated with the changing value of the dollar in terms of gold. Wheat prices, however, showed much wider fluctuations than did the value of the dollar. The precipitous decline was apparently stopped and the subsequent rise initiated as a result of purchases for the account of the Federal Emergency Relief Corporation on October 16, and similar purchases have subsequently been a factor in the market at times. Plans for aiding exports from the Pacific Northwest have been placed in operation, and substantial exports are reported to have been made.

The United States average farm price of wheat was 63.6 cents a bushel as of October 15 compared with 71.1 cents a month earlier and 34.6 cents per

bushel in mid-October of last year! Indications are that the November 15 average farm price will be about the same as that of September 15. At Chicago, December futures were ranging close to 90 cents per bushel late in September and during the first few days of October. During the second week of October they plunged rapidly and on the 16th closed at 69-7/8 cents per bushel, the lowest closing level since April. Prices immediately rebounded, however, and within a week the closing level of December futures was fluctuating between 85 and 90 cents per bushel. On November 13 they closed at 91-1/8 cents.

When United States wheat prices reached their low point in October, December futures at Chicago were only about 10 cents per bushel above Liverpool, but in the recovery which followed they rose relative to Liverpool and on November 13 closed 22.6 cents higher.

At Liverpool, December futures in terms of gold showed a fairly steady downward trend from mid-July to mid-October. They reached a high closing level of 63.0 cents per bushel on July 19, and on October 17 closed at 40.7 cents per bushel. Since mid-October Liverpool futures have shown no definite trend. They recovered slightly during the third week of October but declined again during the fourth week. On November 13 Liverpool futures closed at 42.4 cents per bushel in terms of gold or 68-5/8 cents in terms of United States currency.

In the United States No. 2 Amber Durum continues to be the highest priced of the principal representative wheats. For the week ended November 4 it averaged 99.9 cents per bushel compared with 86.0 cents for No. 1 Dark Northern Spring at Minneapolis. At Kansas City No. 2 Hard Winter averaged 84.3 cents and at St. Louis No. 2 Red Winter averaged 89.3 cents per bushel during the same week.

CORN

The corn situation this year is characterized by a small new crop, large reserves from the old crop, and a restricted demand. Total supplies of corn for the year including the new crop and the carry-over from the old crop, are only about 50,000,000 bushels smaller than the average of the past 5 years. Supplies of other feed grains, however, are much smaller than usual, with the result that total supplies of all feed grains are about 10 percent smaller than the average of the past 5 years, and smaller than in any year since 1930. While the small supply of other feed grains tends to result in substituting corn for these grains, low prices for live stock and livestock products and reductions in the number of hogs to be fed are nevertheless restricting the demand for cash corn for feeding. The large supply of old corn already in the market is tending to weaken early season prices, but the policy of the Agricultural Adjustment Administration to make loans to farmers on stored corn may be expected to reduce the pressure of early season marketings, and thereby prevent prices being as low as they otherwise would be early in the season.

The United States average farm price as of October 15 was 38.8 cents per bushel compared with 46.5 cents the month earlier, and 21.6 cents in October of 1932. At Chicago, No. 3 Yellow which had averaged 47.5 cents in September declined to 36.9 cents for the second week of October. The price on October 14 was only 34.8 cents per bushel. From this low level there was a rapid recovery, and for the last week of October and the first week of November prices averaged 44.4 and 40.8 cents per bushel respectively.

The November estimate of the corn crop is 2,289,544,000 bushels, which is practically the same as the October forecast for the United States as a whole. The crop appears to be nearly 600,000,000 bushels smaller than that harvested in 1932 and over 220,000,000 bushels smaller than the average production for the years 1926 to 1930. The total supply of feed grains including corn, oats, barley and grain sorghums is indicated to be only 96,881,000 tons this year compared with 120,633,000 last year and an average for the past 5 years of 107,650,000. The total supply of corn for the year is indicated to be 2,662,000,000 bushels compared with 3,145,000,000 last year and an average of 2,714,000,000 for the past 5 years. The oats and barley supplies are relatively much smaller, the supply of oats amounting to only 929,965,000 bushels compared with an average of 1,370,750,000 during the past 5 years, and the total supply of barley for the crop year is estimated to be 187,271,000 bushels, compared with an average of 296,391,000 bushels during the past 5 years. Grain sorghum supplies, on the other hand, are plentiful, this year's crop amounting to 106,555,090 bushels compared with a 5-year average of 93,649,000 bushels.

Corn stocks in commercial channels are large for this time of year, amounting on November 4 to 62,700,000 bushels compared with 28,400,000 last year and an average of 9,594,000 for the past 5 years on the corresponding date. Commercial stocks of oats are also large, amounting on November 4 to 50,000,000 bushels compared with 29,000,000 a year earlier, and an average of 26,000,000 bushels on the corresponding date of the past 5 years.

Farm stocks of corn as of October 1 were larger than in any other year for which October 1 stocks are available. The largest previous figure was in 1926 (the first year for which stocks were estimated as of October 1) in which year they amounted to 263,000,000 bushels compared with 312,000,000 for October 1 of this year. Apparently old corn supplies on farms this year are nearly as large as they were in 1921 when 286,000,000 bushels were reported as of November 1. The high level of stocks both on farms and in commercial channels not only results in the total supply being nearly up to average, but constitutes an especially depressing influence on the market during the early part of the season.

FLUE-CURED TOBACCO

Prices of flue-cured tobacco have continued to advance each week since the markets reopened September 25. The same grades of tobacco are now selling about 40 percent higher than they were before the market holiday, and well above the prices of last year. Prices for all grades sold in October averaged 14.7 cents this year compared with 12.2 cents for October 1932, according to state reports. The increase in prices in some sections has been obscured by the fact that average market prices usually decline during this period. In the South Carolina Belt (type 13) for example, average prices for the week ended November 11 apparently were about 20 percent lower than before the market holiday, but in previous seasons average prices have usually declined about 40 percent during this period, owing to the difference in quality of tobacco being sold in the different weeks. Average prices in the eastern Carolina Belt (type 12) and in the Old Belt (type 11) have continued to increase up to this time.

The improvement in prices since September 1 has been due largely to the activities of the A. A. A., and the more favorable exchange rates for the importing countries (more than half of this tobacco usually is exported).

With 95 percent of the growers agreeing to reduce next year's production by an amount specified by the Secretary of Agriculture, the Adjustment Administration has assured the buyers that production of flue-cured tobacco in 1934 would be materially below annual requirements.

The 1933-34 world supply of United States flue-cured tobacco, which is estimated at 1,950,000,000 pounds (green weight), is about 4 percent larger than the world supply of last year and slightly above normal. It is 3-1/4 times the estimated world consumption of this tobacco (about 600,000,000 pounds). Although world carry-over next July is expected to be around 100,000,000 pounds larger than that of July 1933, world supplies are not expected to increase, because of the government program to reduce production.

The domestic consumption of flue-cured tobacco, about two-thirds of which is in cigarettes and one-third in manufactured tobacco, has shown some increase in the past several months, according to reports of the Commissioner of Internal Revenue. With a continued increase of consumers' buying power, domestic consumption of flue-cured products in 1933-34 is expected to be larger than in 1932-33.

Foreign consumption of United States flue-cured tobacco apparently continues to decline. Production of flue-cured tobacco in foreign countries in 1933 was the largest on record (probably as much as 200,000,000 pounds), with China and Japan each reporting record acreages of flue-cured types. Imports of flue-cured tobacco from Empire countries into the United Kingdom again were increased in 1933. Although the British consumption of tobacco products has shown some increase in 1933 over 1932, practically all of the increase has been in Empire tobacco; consumption of United States types has remained practically unchanged.

POTATOES

The late potato crop in important northern areas improved considerably with an extended growth period in October. As a result the late crop is turning out larger than forecast earlier in the season and is having a depressing influence upon prices generally. Shipments to date, however, have been heavy and it is apparent that the peak of the full movement has been passed. With weekly shipments declining it is likely that the low point in the price trend will be reached shortly and that an advance in prices may be expected. The extent of the rise from the low point to the spring high this season will depend more or less upon the quantity of potatoes carried over for the spring market and the spring crop in the early states.

The Crop Reporting Board placed the preliminary estimate of 1933 potato crop in the 30 late states at 260,000,000 bushels compared with 292,000,000 bushels produced in these states in 1932 and 285,000,000, the 1926-1930 average. In the three eastern surplus states production is placed at 88,000,000 bushels against 90,000,000 bushels last year; in the five Central States it is indicated at 72,000,000 bushels against 96,000,000 in 1932; and in the 10 Western States, 70,000,000 against 64,000,000. Production in the 12 other late states is indicated at 31,000,000 bushels this year compared with 42,000,000 last year.

Weekly shipments of potatoes to central markets reached a peak of 5,734 cars during the week ended October 14 and have since declined to only 3,249 cars during the week ended November 4. A year earlier around 2,600

cars per week were being shipped. To November 4 this year 49,000 cars of potatoes have been shipped via rail or boat from the late producing states compared with only 33,000 cars to November 5 last year.

Potato prices at central markets continued to decline during October. The weekly average price at New York for the week ended November 4 was $1.72 per 100 pounds or 22 cents below that of a month ago but 69 cents above the average a year ago. At Chicago the weekly average price was $1.12 per 100 pounds for the week ended November 4 compared with $1.29 a month earlier and 64 cents a year ago. Potato prices at these markets have shown slight advances during the greater part of the second week of November.

Shipping point prices have shown the same trend as market prices during the past month. At Presque Isle, Maine, Green Mountain potatoes were quoted at $1.10 per 100 pounds f. o. b. sacked during the first week in November compared with only 34 cents a year earlier. At Rochester, N. Y. Round Whites were quoted at $1.12 against 62 cents last year, while at Waupaca, Wisconsin, they were 95 this year against 28 cents in 1932. Russett Rurals at Michigan points (Cadillac rate) averaged $1.05 per 100 pounds f. o. b. sacked, during the first week in November against 52 cents during the corresponding week last year. Idaho prices this year are also quoted above those of 1932; at Idaho Falls, Russets averaged 88 cents per 100 pounds during the first week in November against 36 cents a year ago.

The United States farm price of potatoes averaged 74.9 cents per bushel on October 15, 1933 compared with 100.8 cents a month ago, 34.4 cents a year ago, and 64.7 cents the 1910-1914 October average.

HOGS

The hog market outlook at present is somewhat confused because of several unusual price-influencing factors that have been injected into it. These factors are the reduction in the winter supply of hogs by the slaughter in August and September of more than 6,000,000 pigs for government account and the consequent uncertainty as to how this reduction will be distributed over the winter months, the hog-processing tax which became effective November 5, and which is to be increased by increments of 50 cents per 100 pounds live weight at the beginning of each of the next 3 months, and the recent announcement of the proposed purchase of hog products equivalent to about 3,000,000 hogs for the use of the Federal Emergency Relief Administration this winter.

The rise in hog prices which began in September ended the second week in October and all of the advance was eliminated by the end of the first week in November. Hog prices usually decline at this time of the year, but part of this decline may have represented price readjustments preliminary to the hog-processing tax going into effect on November 5. Prices of hogs and hog products moved slightly upward the first few days after the tax became effective but by the end of the first week (week ended November 11) most of the advance in hog prices had been lost at markets other than Chicago. The situation at Chicago was complicated by a deadlock between sellers and buyers, and the accumulated supply of hogs was not moved through regular channels. The average price of hogs at Chicago in October was $4.43 per 100 pounds, compared with $4.24 in September, and $3.62 in October last year.

Hog slaughter under Federal inspection during October, amounting to 3,058,000 head, was only about 20,000 head larger than that in September and

was 15.2 percent smaller than the slaughter in October last year, and the smallest for the month since 1927. October slaughter is usually much larger than that of September; the average increase over September during the last 5 years was 769,000 head and the smallest increase prior to this year was 231,000 head. The relatively small October slaughter this year was due in part to the reduced carry-over of old-crop hogs into the new marketing year as compared with a year earlier and in part to the pronounced tendency among producers to delay the marketing of their hogs because of the prospects of greatly reduced supplies later in the winter as a result of the slaughter of more than 6,000,000 pigs for government account in August and September. Slaughter during the first 10 days of November, however, increased sharply over that of the corresponding period of 1932 when it was relatively small.

A sharp decline in corn prices at the time hog prices were advancing in October caused the October hog-corn price ratio in the North Central States to rise from 9.2 as of September 15, to 13.9 as of October 15. The October ratio was the highest since last March but was below that of October 1932. The downturn in hog prices since mid-October has been accompanied by an improvement in corn prices, consequently the hog-corn price ratio is now less favorable than a month ago.

Prices of fresh pork have been moving seasonally downward following the sharp advance in August and September, and by the end of the second week in November they were at the lowest levels since early August, although above the prices of a year earlier. Prices of most cuts of cured pork were fairly steady during October, but have since been advanced from a half cent to a cent a pound. This advance in part at least apparently reflects price readjustments in connection with the recent tax on hog-processing and floor stocks of hog products. The retail value at New York of hog products from 100 pounds of live hog was $8.58 in October compared with $8.65 in September and $8.50 in October last year. The spread between the value of the live hog at Chicago per 100 pounds and the retail value of the hog products at New York was $3.72 compared with $4.77 in October 1932.

The movement of hog products out-of-storage during October was much larger than in October last year and also was far above the 5-year average for the month. The tonnage increase over October 1932, however, just about offset the reduction in tonnage resulting from the decrease in October hog slaughter. The beginning of the new storage season, November 1, found stocks of both pork and lard considerably larger than a year earlier and larger than the 5-year average for that date. Pork stocks, totaling 493,000,000 pounds, were 137,000,000 pounds smaller than those of a month earlier, but were 14 percent larger than those of a year earlier and 18 percent larger than the 5-year November 1 average. Lard stocks were reduced 58,000,000 pounds during October, but the total of 134,000,000 pounds on November 1 was 289 percent larger than that of November 1, 1932 and 128 percent greater than the 5-year November 1 average. Total commercial storage holdings of hog products on November 1 were equivalent to about 3,900,000 hogs.

Exports of both pork and lard during September were larger than in September 1932. Pork exports, however, were smaller than in the preceding month. Total lard exports during September, amounting to 49,020,000 pounds, were the largest since February and the largest for September since 1929. Pork exports, amounting to 12,136,000 pounds, were 45 percent larger than in September last year, but were 21 percent smaller than the 5-year average for the month.

CATTLE

In view of the very short corn crop and the very small movement of feeder cattle into the Corn Belt since July a considerable improvement in the market for fed cattle after the end of this year is not unlikely. With hog supplies during the first 4 months of 1934 much below any recent year and some further improvement in the business situation, fed cattle prices may make a considerable advance during the late winter and spring, which would be contrary to the usual seasonal movement but similar to what took place in 1927.

Cattle prices continued to decline during October with the lower grades of slaughter cattle reaching the lowest level for all months, and better grades the lowest for the fall months since the decline started. While prices of all grades of beef steers declined during October and were much below October last year the better grades did not go as low as the low point in February and April this year, but the lower grades went much lower. The decline was particularly severe with heavy, finished steers and least with light heifers and yearlings. Price discrimination against weight began at about 900 pounds and grew increasingly severe as weights increased. Prices of steers averaging over 1,500 pounds dropped almost to the low point of last spring.

Early in November, the top on beef steers, which had reached $7.50 in July, was at $6.25 with only a limited number of light weights above $6.00. The average price of choice steers the first week in November of $5.83, was $1.30 lower than in the high week in July, but still 25 cents above the low week in February. The average monthly price of native beef steers at Chicago in October was $5.53 compared with $5.75 in September and $7.09 in October 1932. The October 15 farm price of beef cattle was $3.50 compared with $3.61 in September, $3.91 in October 1932, and $5.32 the October pre-war average. Common grade beef cows at Chicago sold as low as $1.75 per hundred with the bulk of native and western grass cows selling from $2.00 to $3.00. The average price of stocker and feeder steers for October was $3.68 the lowest monthly average in over 25 years.

The weakness in the cattle market in October was due primarily to the heavy supplies of cattle which was reflected in declining beef and by-products prices. The receipts at seven leading markets were 21 percent larger than in October 1932 and 4 percent above the 5-year average. Inspected slaughter of cattle was 24 percent larger than in 1932 and 9 percent larger than the 5-year average and the largest since 1927. Calf slaughter also showed a continuing increase, being 17 percent and 11 percent above 1932 and the 5-year average, respectively. The supply of cattle included an unusually large proportion of well finished cattle from Corn Belt feed lots. The combined number of good and choice steers at Chicago was the largest for any October since 1922, at least, and the number of choice steers in the week ended October 28 was probably near the all time record for any week at that market. Although the proportion of heavy fed steers in October was not unusually large the number of such steers was much in excess of what could be disposed of in the usual channels of distribution.

In many respects the fed cattle situation since July has been quite similar to what it was in 1926 following the large corn crop of 1925 and the high prices for fed cattle in the latter half of 1925. In that year there was an excessive supply of heavy finished cattle during the fall and early

winter and a very sharp price discrimination against such cattle such as has prevailed during the last 2 months.

In July and August of this year, as corn prices advanced and the movement of feeder cattle dropped off sharply, it was expected that by the middle of October the supply of fed cattle would begin to decrease and prices would show some advance. Apparently a large number of feeders acted upon this expectation and held their cattle in the hope of getting a higher price. As a result the expected abatement in supplies did not occur and prices were lower rather than higher.

Market opinion is that there is still a fairly large supply of fed cattle still to come not only from the Corn Belt but also from Virginia and West Virginia pastures. Hence there now seems little liklihood that the fat cattle market will make much improvement during the balance of this year.

If the plans of the Agricultural Adjustment Administration and the Federal Relief Administration to buy large amounts of domestic canned beef for distribution for relief purposes are carried out, the market for cows should be materially strengthened which should also give additional support to the whole cattle market.

BUTTER

Butter prices showed practically no change last month despite the fact that both current production and storage stocks are decidedly larger than a year ago. Movement into consuming channels and consumer expenditures for butter in September were less than a year earlier.

Production of creamery butter in September of 139,000,000 pounds exceeded the same month of 1932 by 9 percent, making a new high for the month. The decline in production from August to September of 17 percent was slightly less than the usual seasonal decline, but greater than the decline between the same 2 months of last year. Total production for the first 9 months of 1933 was 3.0 percent larger than in 1932. In September, production in the East North Central States was 5 percent less than a year earlier. This was the only group of States in which September production was less than in September last year. In the West North Central States the increase over 1932 of 17 percent in September was only slightly less than in August.

Milk production per cow as reported by crop correspondents on November 1 was 11.48 pounds or 1.9 percent less than on November 1, 1932. On October 1 this difference was only 1.2 percent. Crop correspondents reported milking 68.2 percent of the cows in their herds on November 1, which is 0.2 of a percent more than a year previous.

The average price of 92-score butter at New York in October of 24.0 cents was 0.4 of a cent a pound higher than in September and 3.3 cents higher than in October 1932. The farm price of butterfat on October 15 was 20.1 cents compared with 19.6 cents a month earlier and 17.8 cents a year earlier. Compared with a year previous the price of butterfat was 14 percent higher whereas prices of feed grains were nearly twice as high. This makes a more unfavorable situation for butter production than a year earlier, although it is somewhat more favorable than in the last 3 months.

Prices of livestock, veal calves, beef cattle and hogs are relatively low compared with butterfat. With butterfat prices relatively high compared with other livestock products dairy cows may get somewhat more than their usual proportion of the feed supplies available. Feed carry-overs at the beginning of the next pasture season, however, may be less than a year ago.

The trade output of butter in September was 3.9 percent less than a year earlier in marked contrast to the 3.0 percent increase in production. Retail prices of butter in September were approximately the same as a year earlier. The latest data available on pay rolls indicate they are considerably larger than a year ago. At the present time there does not seem to be the increased expenditures for butter and cheese that might be expected with recent increases in total pay rolls.

Danish butter in London has advanced during the past month to the equivalent at prevailing exchange of 27.5 cents on November 9 against 24.0 cents for 92-score butter in New York.

Cold storage holdings of creamery butter on November 1 were 160,400,000 pounds, or more than twice as large as on the same date last year, and the highest on record for that date. During October the out-of-storage movement was 14,000,000 pounds or about two-thirds of the October 5-year average.

CHEESE

The production of cheese continues decidedly higher than a year ago whereas the movement into consuming channels is less and stocks are large. Although cheese prices in Wisconsin are less than a year ago consumer expenditures for cheese appear to be decidedly less.

Production of cheese in September was estimated to be 6.6 percent larger than a year earlier. September was the fourth consecutive month in which cheese production exceeded the preceding year by more than 5 percent. Total production from January through September was 7.4 percent larger than in the same months of 1932. In Wisconsin, production for the first 9 months of 1933 was 11 percent larger than a year earlier. There was also a marked increase in the West North Central States, but production in New York was 10 percent less than in the same months of 1932.

The price of cheese (twins) on the Wisconsin Cheese Exchange in October averaged 10.5 cents, the same as in September, which was 0.4 cent below the price of October 1932. The trade output of cheese in September of 41,305,000 pounds was 2,093,000 pounds more than in August and 2,291,000 less than in September 1932. Based on the change in trade output and retail prices, consumer expenditures for cheese in September were 1.9 percent less than in September 1932.

Imports of cheese in September amounting to 2,800,000 pounds were about 40 percent less than a year earlier, but for the first 8 months of the year imports were only about 7 percent less than in the same period of 1932.

Although cold storage stocks of American cheese declined to 95,800,000 pounds on November 1, this is the largest on record for the date and is about 30,000,000 pounds more than a year ago. The out-of-storage movement in October was 3,500,000 pounds compared with 1,700,000 pounds a year earlier and a 5-year average of 3,000,000 pounds.

EGGS AND CHICKENS

The market price of eggs rose in October by about the average seasonal amount. The seasonal peak in egg prices usually occurs in November or early December. Receipts were below those of a year ago. Owing to the late hatching season receipts have been less than a year ago and, in view of this, receipts are likely to continue low through the fall and early winter. Storage stocks are being reduced somewhat more rapidly than earlier in the season, indicating a higher level of consumption.

Prices of special-packed mid-western fresh eggs at New York averaged 28.3 cents per dozen in October and were 32 cents on November 6. Their average price in September was 23.0 cents and in October 1932 it was 30.2 cents. Prices of firsts averaged 19.9 cents, a smaller advance for the month. The farm price of 20.8 cents on October 15 was 87 percent of the October 1910-1914 average. The corresponding ratio in September was 78 percent. The farm price of chickens continued its seasonal decline, reaching 9.3 cents a pound on October 15. This is 79 percent of the 1910-1914 average for October 15, about the same as a month before.

Receipts of eggs at the four markets during October were 593,000 cases compared with 692,000 cases a year before and a 5-year average of 689,000 cases. As was the case in September, these are the lowest receipts for the month in many years. Present relatively high egg prices and low chicken prices will tend to result in the saving of pullets and in heavier feeding so that receipts a few months hence may more nearly approach the level of a year ago.

Receipts of dressed poultry at the four markets during October were 31,600,000 pounds compared with 31,800,000 a year ago and a 5-year average of 33,400,000 pounds. Receipts during the rest of the fall and winter are not likely to be much greater than in the same period of 1932.

Cold storage stocks of case eggs on November 1 were 5,178,000 cases compared with 3,225,000 cases a year before and a 5-year average of 5,386,000 cases. The out-of-storage movement of eggs during August and September was rather high compared with other years and in October the increase was maintained, the out-movement being 2,288,000 cases, or about 200,000 cases more than the 5-year average.

Cold storage holdings of frozen poultry on November 1 were 59,631,000 pounds compared with 54,989,000 pounds a year before and a 5-year average of 64,978,000 pounds.

LAMBS

In view of the probable smaller supplies of lambs for slaughter during the next 6 months, than a year earlier, together with much smaller supplies of hogs and reduced supplies of fed cattle, a higher level of lamb prices than in October and considerably higher than during the winter and spring a year earlier is expected.

Lamb prices declined further during October to the lowest level since 1933 lambs began to move in volume. During the latter part of the month the top on choice lambs at Chicago went to $6.75, the first time it was below $7.00 during the present crop marketing season. A sharp recovery was made

during the first week in November which carried the top to $7.75. Prices during October fluctuated rather widely from day to day and week to week. For the month the average price of good and choice lambs at Chicago was $6.74, compared with $7.06 in September and $5.30 in October 1932. The farm price October 15 was $5.01 compared with $5.08 in September, $3.95 in October 1932 and $5.50 the pre-war October average.

Prices of feeder lambs at Chicago did not change greatly during October but the average cost of feeder lambs was a little lower than in September, being $6.06 compared with $6.15 in September, $4.86 in October 1932, $4.98 in 1931 and $6.58 in 1930.

The dressed lamb market was weak during most of October, but the rather strong demand for feeder lambs tended to support the market for slaughter lambs. While the average monthly price of dressed lambs was somewhat higher than in October last year, the much higher level of wool prices this year continued as the principal cause of the higher level of lamb prices compared with October last year.

Supplies of lamb during October were large relative to last year and to other months during the current marketing year. Receipts at seven leading markets were 2 percent smaller than in October 1932, and 15 percent below the 5-year October average, but inspected slaughter of 1,668,000 head was 4 and 5 percent, respectively, above October 1932 and the 5-year average. The large October slaughter brought the total slaughter for the first 6 months (May 1 to November 1) of the present marketing year to 9,201,000 head - practically the same as for the first 6 months of the 1932-33 marketing year. With the lamb crop this year estimated at about 750,000 head smaller than in 1932 and with a rather marked tendency to hold ewe lambs in many of the Western States, it seems highly probable that slaughter during the second half of the present marketing year (November 1, 1933 to May 1, 1934) will be considerably smaller than during the second half of the previous marketing year. If such a decrease takes place the proportion of the total yearly slaughter in the first half of the present marketing year will be considerably larger than the large proportion in the 1932-33 year, and the largest since 1921-22.

Although shipments of feeder lambs from markets into the Corn Belt States were somewhat larger in October this year than last, direct shipments into Colorado and probably into the Corn Belt States were much below last year. Total market shipments into the Corn Belt for the 4 months July to October were a little larger than the very small shipments in 1932, but much smaller than in any other year since 1919. All present indications point to a considerable decrease in lamb feeding this year from last. A heavy movement of feeder lambs in November and December, which might come from Texas where the feed situation in the principal sheep area is serious, might change this situation.

WOOL

Wool prices in the United States during October were unchanged from the highest levels of the year reached in September, but the volume of trading on the domestic market was small during the month. Retail sales of woolen materials have been smaller than had been expected and mill activity has slackened somewhat during the last 2 months. The present relatively small supply of domestic wool and rising prices in foreign markets have been important factors in maintaining wool prices during the recent period of slow

trading. The trend of domestic wool prices during the next few months will depend considerably upon monetary developments in this country and abroad. The recent upward movement in wool prices in foreign markets and the recent decline in the exchange value of the dollar have reduced the margin between domestic and foreign prices, and large imports of wool are unlikely at the prevailing price relationships. Since present supplies of domestic wool are reported to be relatively small, improvement in mill activity during the remainder of 1933 and early 1934 would make increased imports necessary and some widening in the spread between domestic and foreign prices in terms of United States currency probably would occur.

Raw wool prices remained practically unchanged at Boston during October and the early part of November. Quotations for fine (64s, 70s, 80s) strictly combing territory wool averaged 83 cents a pound for the week ended November 11, having shown no change since September. The average price of this wool in November 1932, was 47 cents a pound. Territory 3/8 blood 56s, was 77.5 cents a pound throughout the week ended November 11 with no change from the previous month. For the month of November 1932, this wool averaged 41 cents a pound. The United States average farm price was 23.6 cents a pound as of October 15 compared with 23 cents on September 15 and 9.5 cents on October 15, 1932. Prices in foreign markets have advanced slowly since the middle of October. Trading at Southern Hemisphere sales is reported to be active at steady to higher prices.

Activity in the United States wool manufacturing industry declined slowly from the high point in July through September, and some further slackening in mill operations was reported in October. Consumption of combing and clothing wool reported for September was about 6 percent smaller than in September 1932, which was the month of greatest activity last year. Consumption reported for the first 9 months of this year was 40 percent greater than in the same months of 1932.

Imports of foreign wool have declined since August when 10,297,000 pounds of combing and clothing wool were imported. Imports in September were 5,409,000 pounds and approximately the same quantity was received at the ports of Boston, New York, and Philadelphia in October. Imports of combing and clothing wool for the first 9 months of this year amounted to about 31,000,000 pounds compared with 14,000,000 pounds in the first 9 months of 1932. Imports of carpet wool from January to September amounted to about 95,000,000 pounds compared with 27,500,000 pounds in the same months of 1932. Receipts of domestic wool at Boston for the first 10 months of this year amounted to about 240,000,000 pounds compared with 196,000,000 in the same period last year and an average of about 211,000,000 pounds for the 10-month period in the years 1928-1932.

Latest reports of the seasonal movement of the 1933-34 wool clip from Southern Hemisphere countries tend to confirm earlier estimates of a reduced output of wool in these countries. Apparent supplies of wool in Australia, New Zealand, and the Union of South Africa on September 1 were approximately 1,453,000,000 pounds, a decrease of 16 percent below the same date last year and 10 percent below the 5-year average, 1928-29 to 1932-33, at the same date. Despite reduced supplies, however, disposals at selling centers for the early months of the season are considerably greater than for the same period of recent years. Exports for the first 2 months of the 1933-34 season for the same three countries amounted to approximately 82,000,000 pounds, an increase of 15 percent above the same period a year

earlier and 25 percent above the 5-year average, 1928-29 to 1932-33 for those months.

Although the estimate of 348,000,000 pounds for the 1933 wool clip of Argentina recently released by the Buenos Aires Branch of the First National Bank of Boston, is slightly larger than that of last season, the exportable surplus is expected to be only 317,000,000 pounds, which is below that of last season. The decline in the exportable surplus is due principally to a reduced carry-over of old clip wool and to increased domestic consumption.

COTTON

Domestic cotton prices on November 13 were $9\frac{3}{4}$ cents per pound, or about $1\frac{1}{4}$ cents higher than those existing October 16. Prices of Indian cotton in foreign markets during the past month continued cheaper relative to American than in either of the two previous seasons. Domestic cotton mill activity remained about unchanged during October as compared with September, and was slightly higher than a year earlier. During the first 3 months of the present season domestic mills used about 14 percent more cotton than in the first quarter of 1932-33 and more than in the like period of either 1930-31 or 1931-32. Mill activity abroad continues to run well above a year ago. Domestic exports of raw cotton so far this season have been the largest for the period since 1926-27. Heavy shipments to Japan and Great Britain account for the increase this season. The world supply of all cotton this season is now expected to be larger than in either of the two previous seasons, despite the smaller supply of American, due to increased foreign production and a large carry-over of foreign cotton.

Cotton prices declined in the early part of October and then turned upward. On October 16 the average price of American Middling 7/8 inch cotton in the 10 designated markets was 8.51 cents per pound, or about 1 cent per pound below the price existing the first part of October. During the latter half of October, however, cotton prices advanced almost 1 cent to 9.47 cents, and on November 13 averaged 9.73 cents per pound. Prices of American cotton in foreign markets when adjusted for exchange rate have moved about as domestic prices. Indian cotton at Liverpool has shown relatively little change as compared with prices of American during recent weeks. The average price of three types of Indian (Oomra, Broach, and Sind) is now less than 80 percent of the price of American middling and low middling, whereas a year ago Indian was around 88 to 90 percent of American.

During October domestic cotton consumption amounted to 504,000 running bales compared with 499,000 bales consumed in September, 502,000 bales in October last year, and was the largest for the month of October since 1929. Total domestic mill consumption for the first quarter of the 1933-34 season amounted to 1,592,000 bales. During the first 3 months of 1932-33 domestic mills used 1,399,000 bales, which was 193,000 bales, or 14 percent, less than during the first part of the present season. Consumption during the first quarter of this season was the largest for the corresponding period since 1929-30. Indications are that sales of cotton goods by mills during most of October were perhaps somewhat below production. However, sales by mills have probably been running above a year earlier as has apparently been the case with retail sales. Trade reports state

that mill activity in foreign countries as a whole during the first 2 or 3 months of the season has been considerably higher than during the like period of the past season. Mill activity in Great Britain has been materially higher than last season despite the smaller exports of piece goods. Japanese mills continue very active with continued large exports of cotton cloth. Cotton mills in China were operating at a considerably higher rate in October than in September.

Domestic exports during October amounted to about 1,047,000 running bales, which is about the same as October exports in each of the last 3 years. For the first quarter of the season exports of American cotton, which totaled 2,446,000 bales were the largest for the period since 1926-27. Exports to Japan so far this season have been the largest in history. The heavy shipments to Japan and the larger exports to Great Britain account for the large exports so far this season. Japan's large takings have resulted from the substitution of American cotton for Indian as a protest against the 75 percent tariff on non-British goods. India has been one of Japan's largest foreign markets for cotton goods and one of her most important sources of raw cotton.

Present indications are that the world supply of all cotton for the 1933-34 season will be larger than in either of the two previous seasons despite the reduction of about 1,300,000 bales in the supply of American. The increase in the supply of all cotton is accounted for by an increase in both the production and carry-over of foreign cotton. However, the increased foreign production represents in most countries a return to more normal production after 1 or 2 years of reduced crops. The November estimate placed the domestic crop at 13,100,000 bales of 478 pounds net compared with 13,002,000 bales produced in 1932 and an average production during the past 10 years of 14,400,000 bales.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory pay rolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914 = 100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/: In foreign currency	Commodity prices: Foreign 4/: In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925 = 100 1/			2/	100	1926 = 100				
1929										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	73	2.00	145
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	.65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.				70					1.50	93

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914 = 100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

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THE PRICE SITUATION, DECEMBER 1933

FARM PRICES

Prices received by farmers, after advancing a little in November, receded to about the September to October level of 70 percent of the pre-war average by the end of the first week in December. Prices of wheat, cotton, eggs and especially hogs are lower than a month ago whereas prices of flue-cured tobacco were considerably higher and prices of apples, potatoes, corn, lambs and some other farm products were somewhat higher than in mid-November. Financial and business conditions indicate some improvement in the demand for farm products, which along with prospective smaller supplies of livestock, indicate some improvement in prices.

Although the general level of farm prices has been fairly stable for nearly 4 months the prices of individual farm commodities have changed considerably. Wheat prices in late November declined to below the early November level followed by a slight recovery in early December. Chicago wheat prices continue to be about 20 cents a bushel above Liverpool prices. Corn prices have strengthened some relative to other grains, partly as a consequence of the government corn loans in the Corn Belt. Flue-cured tobacco prices have increased sharply with an active export trade, whereas prices of fire-cured tobacco have been about the same as a year ago. Potato prices, after declining from July to early November, have increased a little in the last few weeks.

Hog prices, after advancing about 50 cents a hundred in early November, declined as usual in the remainder of that month and the first half of December. Hog marketings are expected to be materially lower during the remainder of the winter. Cattle prices reached a new low about the middle of November and there are some indications that this may be the low point reached by most kinds of slaughter cattle. The prospective reduction in the supplies of fed cattle for the next few months, reduced hog supplies, and some reduction in fed lambs, may pave the way for an advance in cattle prices generally. The lamb market in November was fairly steady in sharp contrast to the weakness in the cattle and hog market. A smaller supply of fed lambs and higher wool prices than a year ago will tend to strengthen the lamb market for the next few months.

Butter production continues large and storage stocks are unusually large. However, these stocks include government holdings of purchases for relief purposes, which purchases maintained prices in recent weeks. Cheese production has declined but storage stocks are large. Cheese prices, like butter prices, have been supported by government purchases for relief purposes. Active buying and some upward movement in wool prices was reported in the Boston market in the last half of November, followed by some recession in early December. Cotton prices in November and early December followed rather closely the fluctuations in the foreign exchange value of the dollar. Cotton prices in the 10 designated markets during the first part of December averaged

about $9\frac{3}{4}$ cents a pound, or about 4-1/8 cents a pound higher than a year earlier.

The general level of prices received by farmers in mid-November was 71 percent of the pre-war average compared with 70 for the previous 2 months, 49 in February and 54 in November 1932. Prices paid by farmers, after advancing 16 percent from March to September, have been steady to slightly higher with an increase of less than 2 percent since September.

The index of purchasing power of farm products in percentage of the pre-war average was 61 in mid-November, compared with 49 in February and 52 in November 1932. This represents an increase since February of 24 percent in the purchasing power of farm products for the commodities farmers buy.

WHOLESALE PRICES

The general level of wholesale prices declined a little in late November followed by a slight rise in the week ended December 9. The Bureau of Labor Statistics index for the first full week of December was equivalent to 103.5 percent of the 1910-1914 average compared with the low point of 87 in early March and 93 a year ago.

Market prices of farm products since mid-November have lost most of the early November rise. Wholesale prices of foods have declined about 3 percent the past month and textile prices have declined a little. Prices of nonagricultural products have risen 2 percent, whereas market prices of farm products declined about 3 percent from mid-September to the week ended December 2 when the former index was 118 (1910-1914=100) and the latter index was 78. Prices of building material continue to advance and at 154 percent of the pre-war average are higher than any other group of commodities. House furnishing goods are a close second with prices 150 percent of prewar, and fuel and lighting products third at 140. Prices of hides and leather have recently recovered some of the late September to early November loss. Prices of metals, chemicals and drugs, and miscellaneous commodities have been steady to slightly higher the past month.

The gold value of the dollar based on the domestic price of newly mined gold was unchanged at 60.8 cents from December 1 to December 14 compared with the average for November of 62 cents and for October of 67.2 cents. Since October 25 the R.F.C. price of gold has been above the open market price of gold in London except for 10 market days in mid-November when the London prices was higher. On the basis of the London price of gold the dollar reached the low point of 59 cents on November 16, followed by a rapid recovery to 65 cents on November 28. On December 13 the London price was equivalent to a gold value of the dollar of 64.8 cents compared with 60.8 on the basis of the R.F.C. price. (See chart on prices of gold and six speculative commodities opposite last page).

Crump's index of wholesale prices in England was practically unchanged in November, having been remarkably stable for the last 6 months. Wholesale prices in Germany advanced a little in October for the sixth consecutive month. On the other hand, prices have declined in France since July and in Italy since June, to new low levels in October and November respectively.

Prices in Canada have declined since July, but are still considerably above the low level of February. Wholesale prices in Japan, although fluctuating within a 5 percent range, have maintained a fairly constant level for the last 10 months.

BUSINESS CONDITIONS

Increases occurred in some lines of industrial production from mid-November to mid-December in contrast to the downward trend from July through October. The building program of the Public Works Administration is gaining momentum and has been accompanied by some increase in residential construction. Production in the automotive industry in mid-November increased sharply and then slackened, steel operations have increased in the past month instead of showing the usual seasonal decline. In view of the outlook for these heavy industries it seems probable that the upturn in industrial production will continue through the winter and early spring months.

Reports to the Department of Commerce and to the Federal Reserve Board indicate that retail sales of several groups of chain stores and mail order house sales in November improved considerably over a year ago, but were not greatly different from sales in October. The index of department store sales in November was 65 compared with 63 in November last year but was five points lower than in October of this year after seasonal adjustment. Retail sales of automobiles in November were also considerably above those of last year and were held in check to some extent by the delay in the introduction of new models.

The Federal Reserve Board's index of industrial production was 77 percent of the 1923-1925 average for October compared with 84 in September. Indications are that the level of production in November was somewhat lower than in October but activity in the last week of November was about 3 percent higher than in the first week of the month according to the New York Times Weekly Index of Business Activity.

The indices of factory employment and payrolls are not yet available for November but indications are that employment in November was not greatly different from that in October when the index of factory employment was 73.9 percent of the 1923-1925 average compared with 74.3 in September and 61.1 in October last year. Employment was increased considerably in late November and early December by civil works projects. The civil works employment may not be reflected fully in the indices of employment but is furnishing income to many who were previously unemployed and will no doubt be reflected in an increase in the demand for agricultural products.

The monthly income of farmers from the sale of farm products increased 18 percent from March to October after allowance for seasonal changes in monthly marketings. From July to October the monthly income of farmers, including benefit and rental payments have averaged 42 percent above the same months of 1932 and only 1 percent below income from July to October, 1931. The greatest increases in monthly farm income through October occurred in areas where cotton, tobacco and potatoes were the important crops. Higher prices for wheat have also contributed to a material improvement where wheat is grown. The sharp increase in farm income has been accompanied by a marked increase in mail order house sales, in chain store sales in the smaller towns and in the sales of automobiles in rural communities.

The incomes of factory workers have also increased greatly since March. The index of payrolls in October was 62 percent higher than in March and for the 4 months, July to October, averaged 33 percent above the same month a year ago, but was still 11 percent below the same period in 1931. Incomes of workers in many of the nonmanufacturing industries have also increased since March. The Bureau of Labor Statistics has indexes of employment and payrolls for 15 different groups of nonmanufacturing industries. In 11 of these groups the low point of the payrolls index was reached in March or April 1933. The index of payrolls for all groups have shown increases since April and in October the index for nine groups was above a year ago. The greatest increases in payrolls over October last year have been for workers in canning and preserving, bituminous coal and metalliferous mining, petroleum production and retail trade.

The general trend of industrial activity in most foreign countries has been upward. In Germany industrial production increased slightly in October and remained steady during November. Employment has shown some increase and the excess of exports over imports is increasing, due mainly to greater exports. A general though gradual improvement in industrial activity has been shown each month in the United Kingdom and has been accompanied by a decline in the number of unemployed. A plan of reorganization for the steel industry is making rapid progress and automobile production has increased sharply. Industrial activity in Canada increased sharply in August and September and the level of production is now about equal to that of the fall of 1931.

In France there has been a slight decline in industrial production since July. There is some apprehension in that country over the flight of gold and the difficulty of balancing the budget. A large part of the sharp drop in industrial activity in Japan in June was regained during July and August. Silk prices have declined further and exports of cotton goods fell off during September. Railway construction is being increased in Manchukuo. Chinese business activity has been curtailed because of declining exports.

WHEAT

The wheat situation has not changed materially in the past month. In a general way the course of wheat prices in the past month has followed that of foreign exchange. Chicago prices have held about 20 cents in United States currency above Liverpool. The shortage of feed grain supplies, the loan policy adopted for corn, and the purchase of wheat in the Far Northwest for export, all tend to strengthen the market for wheat in the United States in relation to foreign market prices. Furthermore, the commercial mill demand for wheat in this country in the remainder of the season is likely to be more nearly normal than it has been in the early part of the season, as the curtailment in operations since July 1 has now more than made up for the expansion in milling activity in the months April, May, and June. The foreign demand for wheat, however, continues on a low level because of the large supplies in several of the European importing countries and the harvesting of the new wheat crop of the Southern Hemisphere.

The price of wheat rose rapidly from the low point reached in October to the middle of November, and then declined, but turned upward at the end of the month. The average farm price in the United States increased from about 64, to 71 cents, between the middle of October and the middle of November, and market prices since the middle of November indicate that the farm price of wheat lost about half of this improvement before the end of

November, a part of which was regained early in December. A year ago the farm price of wheat averaged only 31.6 cents.

There have been few recent changes in estimates of wheat production in foreign countries, and none of them of much importance. Liverpool prices, when measured in terms of gold, have been fluctuating in a very narrow range with December futures at about 42 cents per bushel, though during the first few days of December they fell as low as 40.5 cents. This reflects the continued abundance of wheat in importing markets and relatively large surpluses available in the exporting countries. The harvest in the Southern Hemisphere is now in full swing and exports from Australia and Argentina will begin in volume during the next few weeks. The course of Liverpool prices in terms of gold during the next few months will depend largely upon the volume of Southern Hemisphere shipments in relation to the import demand. Some improvement in import takings seems likely by mid-winter or early spring, though the fact that the German, French, and Italian crops are about equal to or larger than the probable domestic consumption of these countries may be expected to result in a less marked seasonal increase than occurred last year.

Liverpool prices in terms of United States currency advanced from a closing level of 58-7/8 cents per bushel on October 17 to 73-1/4 cents on November 16 and then declined to 63-5/9 cents on December 12. Chicago December futures have followed the converted Liverpool quotations fairly closely, and have continued to be about 20 cents per bushel higher than Liverpool since the latter part of October. They advanced from a closing level of 69-7/8 cents on October 16 to a level slightly over 90 cents which approximate level was maintained from November 9 to 17. There followed a decline and from November 25 to December 8, December futures fluctuated in the vicinity of 83 cents per bushel. On December 12 they closed at 85-7/8 cents.

CORN

Corn prices during the past month have fluctuated in much the same manner as wheat and other speculative commodities. Since mid-November, however, they have shown more resistance to declines and a greater readiness to rise than have wheat prices. This is due in part at least to government loans on corn which tend to reduce marketings at prices lower than the government loan value.

The United States average farm price of corn as of November 15 was 40.6 cents per bushel compared with 38.8 cents a month earlier and 19.4 cents per bushel in November of last year. The course of market prices up to December 11, together with the maintenance of the government's corn loan policy, indicates that the December 15 farm price will not be greatly different from that which prevailed in mid-November. At Chicago, No. 3 Yellow, which averaged 40.2 cents in October was 40.8 cents during the week ended November 4. In each succeeding week it has been above that level. For the week ended December 9, No. 3 Yellow at Chicago averaged 46.0 cents per bushel. Day-to-day movements of corn prices show considerable evidence of their having been influenced along with wheat and other speculative commodities by the course of foreign exchange. From mid-October to mid-November there was a general upward trend, whereas from the middle of November to the first few days of December prices declined. Due partly to a smaller decline during the latter half of November, and partly to a

significant advance from December 5 to December 11 corn prices on the latter date were about as high as in mid-November, while wheat prices were about 5 cents per bushel lower. This relative strength of corn prices appears to have been due in part to the fact that the corn market is normally somewhat less subject to international influences and in part to the getting under way of the program for government loans on stored corn. These loans which are being made in the Corn Belt and adjacent states are serving to reduce the immediate pressure of market supplies.

Primary market receipts during the month of November were larger than during the corresponding month of any of the past 4 years. They amounted to 22,200,000 bushels compared with 12,800,000 a year earlier, and an average of 17,800,000 bushels for November of the past 5 years. Under the influence of these moderately heavy receipts, commercial stocks of corn have continued to mount, rising from 62,700,000 bushels as of November 4 to 67,100,000 on December 9. Consequently, corn stocks continue to be at an unusually high level.

Wet process grindings during November amounted to 8,700,000 bushels compared with 5,600,000 a year earlier and an average of 6,200,000 during November of the past 5 years. The high level of grindings during November may be attributed at least in part to the fact that the corn processing tax during that month amounted to only 5 cents per bushel, while an increase to 20 cents per bushel was scheduled to be initiated on December 1. More recently, however, the raising of the processing tax on corn has been postponed for another month.

The present prospects are that the government policy of loaning 45 cents per bushel on stored corn at country points will tend to prevent any material decline in prices below levels which have prevailed during the past month. An advance in prices of livestock and livestock products would tend to improve corn prices through making the feeding of corn to livestock profitable. Commercial stocks of corn are so large that there is no prospect of a scarcity of corn for milling even though there should be a continued increase in industrial utilization and only a small movement of corn from farms to market.

TOBACCO

Flue-cured

Prices of flue-cured tobacco continued to advance during November, averaging 19.2 cents per pound for the month, according to state reports. This compared with 14.6 cents for October and 12.0 cents for November 1932, and is the highest average for any month since November 1929. Export buying has been very active and the domestic companies have had to meet this competition in fulfilling the terms of the flue-cured marketing agreement in which they agreed to purchase a specified minimum quantity of tobacco.

Movement of the crop to market has been more rapid than usual. About 85 percent of the estimated production of 705,000,000 pounds was sold prior to December 1, whereas usually about 80 percent of the production has been sold prior to that date. With most of the crop marketed, prices during the last 2 weeks have shown some decline, particularly on the better grades of tobacco, but they are still (December 14) materially above the opening level

of the season. The crop apparently will average around 16.0 cents per pound, compared with 11.6 cents for the 1932 crop, and will have a total farm value of about $110,000,000. To this will be added the $4,500,000 price equalizing payments to be made by the Agricultural Adjustment Administration, which will give the largest income received for a flue-cured crop since 1929.

Virginia fire-cured

Markets for Virginia fire-cured tobacco opened December 6, but owing to low prices they were ordered closed December 8 by the Governor of Virginia for an indefinite period. According to reports of the Federal-State tobacco grading service at Lynchburg, the prices of most grades were about in line with the opening prices of the 1932-33 season when the crop averaged 8.2 cents per pound. The total supply of this tobacco which is estimated at 55,000,000 pounds (green weight), is about 5 percent larger than last year. October 1 stocks showed some reduction from a year earlier, but this was more than offset by the increase in size of crop. The 1933 crop is reported to have suffered considerable storm damage late in the season which affected the quality.

Burley

The marketing season for burley tobacco opened at Lexington December 11 with prices for the first day of sale averaging around 13.8 cents per pound, according to unofficial reports. Notwithstanding the record large stocks of this tobacco and the fact that production (estimated at 414,000,000 pounds) again exceeds consumption, the price is only slightly below the opening for 1933, when the crop averaged 12.6 cents per pound.

The total factory output of tobacco products in the United States for October, the first month during which the processing taxes were in effect, showed some slackening from the level of September, but was still higher than in October 1932, according to reports of the Commissioner of Internal Revenue. Cigarettes, manufactured tobacco (smoking and chewing), and snuff were each higher than a year earlier, but cigars were about 6 percent lower.

Exports of tobacco from the United States for the month of October were the largest for any month since October 1930, reflecting the improvement in exchange value of foreign currencies and the stimulus to export buying that has been given by the crop curtailment program of the A.A.A. Of the total of 64,500,000 pounds exported during the month, flue-cured represented 51,600,000 pounds; Kentucky-Tennessee fire-cured, 7,000,000 pounds; Virginia fire-cured, 2,000,000 pounds; Maryland and eastern Ohio, 1,900,000 pounds; burley, 900,000 pounds. The remainder consisted of minor export types.

POTATOES

Potato prices at central markets and shipping points reached what appears to be the season's low point in November after declining steadily since mid-July. There has been some slight advances since mid-November and during the first week of December prices at central markets were slightly above those of a month earlier. Weekly car-lot shipments have declined almost steadily since the peak established in mid-October and are now averaging about the same as a year ago. With the late potato crop totalling only 260,000,000 bushels or 11 percent less than in 1932

it is probable that the quantity of potatoes moving into consumptive channels from now until the end of the season will be lighter than in the corresponding period of the 1932 season and that prices will show a moderate advance.

Potato prices at New York averaged $1.74 a 100 pounds during the first week of December or about 9 cents above the low point reached in mid-November, 2 cents above the first week of November and 60 cents above a year ago. At Chicago, car-lot prices averaged $1.23 a 100 pounds during the first week in December or 11 cents above the low point reached during the first week of November and 53 cents above a year ago.

F.o.b. prices of Green Mountains at Presque Isle, Maine averaged $1.12 a 100 pounds (sacked) during the first week of December compared with $1.10 during the first week of November and 58 cents a year ago. At Rochester, N. Y. round whites averaged $1.15 a 100 pounds or about the same as a month earlier compared with an average of 65 cents for the first week in December 1932. Wisconsin round whites f.o.b. at Waupaca, averaged $1.02 a 100 pound sacked against 95 cents a month earlier and 48 cents a year ago. At Idaho Falls, Idaho Russet Burbanks averaged 80 cents a 100 pounds sacked f.o.b. cash track during the first week of December or about the same as a month ago, but 40 cents higher than a year ago.

The United States farm prices of potatoes averaged 68.8 cents per bushel on November 15 compared with 74.9 cents October 15, 34.4 cents November 15, 1932, and 60.4 cents the November average 1910 to 1914.

Car-lot shipments from the beginning of the 1933 season to December 9, totalled 63,792 cars against 46,104 cars to December 10 last year. The weekly movement has averaged slightly more than 3,000 cars per week for the past month. Owing to the increasing use of the motor truck in recent years, the car-lot shipment records are inadequate as a measure of the total movement of potatoes into consumptive channels. There is some question this season as to the proportion of the total movement being shipped by rail compared with last year. Prices are considerably higher this year and will support a higher transportation cost than during the 1932 season which indicates that a larger proportion is being shipped by rail. However, higher prices usually bring out a greater volume of shipments and it may be that the crop is being marketed earlier and at a much more rapid rate this season than was the case in 1932. It is probable that both of these factors have had an important influence on the volume of car-lot shipments this year.

HOGS

Hog prices after advancing about 60 cents in early November declined sharply in the 4 weeks ended December 15, the decline amounting to about $1.25 per hundred pounds. The winter low point in hog prices is usually reached in December and most often occurs before the Christmas holidays. Price improvement after the low point is usually slow until late January or early February when a large seasonal reduction in slaughter supplies takes place. In view of the relatively heavy movement of hogs to market in recent weeks and the slaughter for government account in August and September of more than 6,000,000 pigs that ordinarly would not be sent to market until after December, the reduction in slaughter in the late winter this season is expected to be much greater than average.

Hog slaughter under Federal inspection during November totaled 4,501,000 head, or 1,500,000 more than in October and 723,000 more than in November last year. It was the largest slaughter for November since 1924. Slaughter in October was relatively small, the increase over September being the smallest in the 27 years for which records are available. In November the situation was reversed and the increase over October was the largest on record. October and November slaughter combined was 2.4 percent greater than in the corresponding period last year. This unusual distribution of slaughter supplies during these 2 months was the result of several factors. During October some producers may have withheld hogs from market in anticipation of higher prices after the hog processing tax became effective. When hog prices continued downward after the tax went into effect and the hog-corn price ratio became increasingly unfavorable for hog feeding, there developed a tendency to rush hogs to market.

Hog prices at Chicago on November 1 averaged $3.88 per 100 pounds, increased to $4.48 on November 14, and then declined to $3.41 as of December 1, and averaged about $3.25 for the week ended December 15. The processing tax of 50 cents per 100 pounds went into effect November 5 and was raised to $1.00 per 100 pounds on December 1. The average price at Chicago is now about 25 cents higher than a year ago. In September, prices at that market averaged only 24 cents higher, but in October were 93 cents higher than a year earlier.

The hog-corn farm price ratio for the North Central States was 10.4 in November compared with 13.9 in October and 18.5 in November last year. Hog prices declined at a relatively faster rate than corn prices during the last half of November and the first half of December and the hog-corn ratio in mid-December was even lower than in mid-November.

Wholesale prices of fresh pork declined sharply during November as a result of the large increase in hog slaughter. The average price of 10-12 pound fresh loins at New York during the last week of the month of $9.50 per 100 pounds was $4.75 less than that of a month earlier but 60 cents higher than in the corresponding week last year. Average prices of most cuts of cured pork in November were steady to slightly higher as compared with those in October.

The composite price of wholesale pork products at New York during November was $11.85 per 100 pounds compared with $11.46 in October and $10.17 in November last year. The retail value at New York of hog products from 100 pounds of live hog was $8.46 compared with $8.58 in October and $8.16 in November last year. The spread between the price of 100 pounds of live hogs and the retail value of hog products at New York was $4.52, compared with $3.72 in October and $4.73 in November last year. The November spread this year, however, included the processing tax of 50 cents.

The movement of hog products into consumptive channels was relatively heavy during November. Despite the large increase in hog slaughter, the net increase in storage holdings of all hog products amounted to only 8,000,000 pounds. Stocks of pork increased 31,000,000 but lard stocks were reduced by 23,000,000 pounds. Pork stocks, totaling 525,000,000 pounds on December 1, were 30 percent larger than those of a year earlier and 21 percent larger than the 5-year average for that date and were the largest for December since 1923. Lard holdings continue at record levels for this time of year. The total on December 1, amounting to 110,000,000 pounds, was 271 percent larger than that of a year earlier and 238 percent larger than the 5-year average for that date.

Total exports of hog products during October were not greatly different from those in October last year, the increase in pork exports about offsetting the decrease in shipments of lard to foreign ports. Total pork exports, amounting to 11,568,000 pounds, were nearly 29 percent larger than those in October last year but were about a fifth smaller than the 5-year average for the month. Exports of lard, amounting to 50,296,000 pounds, were about 8 percent smaller than the exports in October last year, which were about equal to the 5-year average for the month.

CATTLE

Cattle prices reached a new low level about the middle of November and there are some indications that this will be the low point reached by most kinds of slaughter cattle. With the indicated supply of fed cattle for the first quarter of 1934 small, hog supplies the smallest in many years, and some reduction in fed lambs, a considerable advance in prices for all kinds of cattle may take place during this period.

Cattle prices in the first half of November continued the decline that started in August. For the week ended November 18, all grades of slaughter steers and nearly all kinds of other cattle were at the lowest point yet reached since prices began to decline. At this low point the average weekly price of choice steers at Chicago was only $5.41, with good at $4.91, medium at $4.21 and common at $3.45. Because of the large proportion of good and choice steers in the supply the average price of all steers, at $4.90 did not go quite as low as in February or April. During the following 2 weeks supplies were curtailed somewhat, and prices recovered somewhat with the different grades of steers during the week ended December 2, averaging about the same as for the week ended November 4. The average monthly price of all beef steers at Chicago was $5.13 compared with $5.53 in October and $6.29 in November 1932. The monthly farm price of beef cattle November 15 was $3.32, compared with $3.50 in October, $3.78 in November 1932, and the November pre-war average of $5.21. Prices of most other kinds of slaughter cattle reached new lows in November or at least went as low as at any time in recent years. Stocker and feeder cattle prices also declined further and the November monthly averages of feeder steers at Chicago of $3.39 and at Kansas City of $3.51 were new record lows and over $1.00 below November 1932.

Market and slaughter supplies of cattle in November continued large. Receipts at seven leading markets were 15 percent larger than in November 1932, but 2 percent below the 5-year November average. Inspected slaughter at 771,000 head was 23 percent and 15 percent respectively above November 1932, and the 5-year November average and the largest since 1927. Calf slaughter at 424,000 head was the second largest for the month on record. As in other recent months the slaughter supply included an unusually large proportion of well finished grain fed cattle, with the number of heavy finished cattle especially excessive. The number of choice and of good and choice steers at Chicago was the largest for the month in the 12 years for which records are available and the price discrimination against weight was especially severe. Many heavy, long fed, well finished cattle sold for little more than $4.00 a hundred, while at the same time light heifers fed 60 to 90 days sold above $6.00.

Demand for feeder cattle in November was reduced, reflecting the decline in finished cattle and the advancing prices of corn. With a loan value on corn of about 45 cents a bushel, cattle feeders are faced with

higher corn prices this winter than last. Shipments of feeder cattle from leading markets in November were a little larger than in November 1932 but much below the 5-year average for the month.

While market and other reports indicate rather large numbers of long-fed cattle still in feed lots, being mostly cattle held back for some weeks in hopes of price improvement, a rather sharp dropping-off in fed cattle supplies by the end of the year is probable. There are some indications that the low point of prices for different grades of beef steers was reached the week ended November 18. Any considerable advance during the first quarter of 1934 would be contrary to the usual seasonal movement of prices of the better grades. But with hog supplies during this period indicated as much smaller than any recent year, and lamb supplies somewhat smaller, a considerable advance in prices for all kinds of slaughter cattle may take place.

BUTTER

Production of creamery butter is decidedly larger than a year ago. Storage stocks of butter are unusually large for this season of the year, but they do not have their usual significance in indicating the amount of butter available for distribution through the regular commercial channels, because they include government holdings that are to be used for relief purposes. The purchasing of butter by the Dairy Marketing Corporation maintained prices at a fairly stable level in several weeks. The seasonal peak of butter prices usually comes in December followed by a sharp decline in the early part of the year. The seasonal decline this year will be influenced by government purchases. Supplies are much larger than a year ago, and there has been relatively little increase in consumer expenditures for butter, as compared with last year.

Butter production in October was only 7 percent less than in September compared with the usual seasonal decline of about 12 percent. October production made a new high for the month and exceeded October 1932 by 6.5 percent. October production of butter was heavy in the North Atlantic and Pacific Coast States, and probably indicates an increase in milk supplies in excess of fluid requirements.

The price of 92-score butter at New York in November averaged 23.6 cents slightly less than in October, and 0.3 cents higher than a year earlier. The stability of butter prices in the last 2 months has been due in large part to government purchases for relief. The farm price of butterfat on November 15 of 20.4 cents was slightly higher than in October, but 2.0 cents higher than on November 15, 1932. Farm prices of butterfat are lower in relation to grain than a year ago, but in the West North Central States butterfat prices are still relatively high as compared with grain. Farm prices of butterfat are high compared with farm prices of meat animals.

Trade output of butter in October was approximately the same as a year earlier and production was larger but the decrease in the out-of-storage movement offset the increase in production. Estimated consumer expenditures for butter in October were 5 percent higher than in October 1932. This was the largest increase over the same month of the preceding year since July.

Storage stocks of butter continue unusually large. Cold storage holdings on December 1 of 138,090,000 pounds were about 100,000,000 pounds

larger than a year earlier and about 68,000,000 pounds larger than the 5-year average. The preceding peak in December 1 holdings was in 1929 when holdings were 111,650,000 pounds.

The net out-of-storage movement in November was about 22,373,000 pounds compared with about 30,000,000 pounds last year. The net storage movement, however, is affected by the policy in distributing butter for relief purposes. During October butter was purchased for relief and put into storage, and relatively little was actually distributed through relief agencies, which made the net out-of-storage movement light. Late in the season the distribution of butter for relief will probably exceed purchases, and the out-of-storage movement will be relatively heavy.

CHEESE

Cheese production declined sharply from September to October and October production was less than in the same month of 1932. The decline in some section was affected by farm strikes. Cold storage holdings of cheese are large. Chees prices have shown little change in the last 3 months. The support given to the butter market by government purchases has also tended to support cheese prices. Consumer expenditures for cheese in October were about the same as a year earlie

There was a sharp decline in cheese production from September to October and October production was 4.8 percent less than in October 1932. This was the first month since April in which total cheese production was less than in the same month of the preceding year. Total production for the first 10 months of the year, however, was 6.3 percent greater than in the same period of 1932. Far strikes may have been an important factor affecting deliveries of milk to cheese factories in some sections. Production of cheese in Wisconsin in October was 11 percent less than a year earlier. Production in the West North Central States and in the South Central States was decidedly larger than in the same month of 1932.

Cheese prices on the Wisconsin Cheese Exchange in November at 10.5 cents were the same as in October but about 0.4 cents higher than in November 1932. When allowance is made for the usual seasonal variation, the November price was about 70 percent of pre-war.

Trade output of cheese in October was 6 percent less than in October 1932. This was a slightly larger decline than occurred in the case of production. The retail price of cheese in October was slightly lower than a year earlier. These changes indicate that consumer expenditures for cheese in October were about 3 percent lower than in October 1932. In September there was also a slight declin from the preceding year. In the earlier months of the year consumer expenditure for cheese were decidedly lower than in 1932.

During October imports of cheese of 3,800,000 pounds were only about 60 percent as large as in October 1932. With the dollar at a decided discount the United States is probably a less favorable market. For the first 10 months of 1933 cheese imports were 12 percent lower than in 1932. While there has been about 20,000,000 pounds less cheese moved into consuming channels in the first 10 months of 1932 than a year earlier, about one quarter or 5,000,000 pounds of this decrease is accounted for in lower imports.

Cold storage holdings of cheese on December 1 were 85,100,000 pounds, or 22,700,000 pounds larger than on December 1, 1932, but only 13,500,000 pounds in excess of the 5-year average.

EGGS AND CHICKENS

Market prices of eggs rose seasonally in November to what may be the peak price of the winter and by early December had declined to lower levels. Light production this winter together with relatively low storage stocks will be a strengthening factor in the price situation until early spring. In similar situations in the past severe weather has brought on temporary periods of very high prices. The reduction in storage stocks indicates a somewhat higher level of consumption than has prevailed in recent years. The position of the poultry market is not so favorable to producers for supplies are plentiful.

Prices of special packed mid-western fresh eggs at New York averaged 33.7 cents a dozen in November, a rise of 5.4 cents from the October average, and by December 11 had declined to 27½ cents. The November 1932 average was 37.4 cents. Prices of firsts changed correspondingly to an average of 25.2 cents in November. The farm price of 24.0 cents on November 15 was 3.2 cents more than a month before. The farm price of chickens on November 15 of 8.8 cents was half a cent below that of October 15 and 2.3 cents less than on November 15, 1932.

Receipts of eggs at the four markets during November were 452,000 cases compared with 560,000 cases a year before and a 5-year average for November of 522,000 cases. These are the lowest November receipts since 1924. Low chicken prices are likely to result in a saving of pullets so that in a few months production will be back to it's average level.

Receipts of dressed poultry at the four markets during November were 78,300,000 pounds compared with 71,200,000 pounds a year before and a 5-year November average of 66,300,000 pounds. These are the largest receipts on record for the month. The peak of receipts always occurs in November-December. Hatchery reports for October indicate a reduction from last year of more than 30 percent in numbers of chicks hatched in October and a reduction of 20 percent in orders for November or later. These hatchings very largely represent chicks for broiler production.

Cold storage stocks of case eggs on December 1 were 2,655,000 cases compared with 1,199,000 cases a year before and a 5-year average for that date of 2,995,000 cases. The out-of-storage movement for November was 2,521,000 cases or slightly more than the 5-year average and 495,000 cases more than the out-movement in November 1932.

Cold storage stocks of frozen poultry on December 1 were slightly less than a year ago; 90,000,000 pounds compared with 91,100,000 pounds and a 5-year December 1 average of 91,800,000 pounds. Storage holdings of poultry usually increase until January or February and then are the principal source of supply until late spring.

LAMBS

The lamb market in November was fairly steady and in sharp contrast to the weakness in the hog and cattle markets. With a smaller supply of fed lambs for the next few months than a year earlier, and much higher wool prices, the prices of lambs during this period are expected to be materially higher than a year earlier and somewhat above the levels of the first half of December.

Lamb prices advanced rather sharply during the first part of November from the low point of the season and for the balance of the month were fairly well maintained, with the weekly averages of good and choice lambs at Chicago ranging from $6.84 to $6.99. The slaughter lamb market was relatively strong despite a rather weak dressed market and declining beef and pork prices and low priced turkeys. This strength was a reflection, in part, of the advancing wool market and higher pelt values. The November average price of good and choice lambs at Chicago was $6.84 compared with $6.74 in October and $5.71 in November 1932. The average November price of good and choice dressed lambs at New York, however, was somewhat lower than in either October 1933 or November 1932.

The farm price of lambs November 15 was $4.95 compared with $3.91 in November 1932 and the pre-war November price of $5.47. The average price of all slaughter lambs at Chicago for November was practically the same as the Chicago November average for the years 1910 to 1913 inclusive, of about $6.50. In comparison the average price of beef steers at Chicago in November was over $2.00 lower and of hogs over $3.00 lower than the pre-war November average which in both cases was about $7.30. The inspected slaughter of cattle in November was 9 percent above the pre-war November average, of sheep 6 percent above and of hogs 60 percent above.

Supplies of lambs in November continued fairly large. Although receipts at seven leading markets were 8 percent and 20 percent smaller respectively than in November 1932 and the 5-year November average, inspected slaughter was only 2 percent smaller than in November 1932 and was 4 percent above the 5-year average. Slaughter of sheep and lambs during the first 7 months of the current lamb marketing year, beginning May 1, has been only about 160,000 head or 1½ percent smaller than for the same months in 1932.

Shipments of feeder lambs, passing through livestock markets into the Corn Belt States in November were somewhat larger than in November last year and were relatively large for the month. The total of such shipments for the 5 months July to November are a little larger than last year but much below any other year since 1919. The movement of feeder lambs into Colorado to the end of November indicates a decrease in feeding in that State of around 200,000 head from last year and the number fed in the other Rocky Mountain States is reported as smaller than last year. In the States west of the Continental Divide the total number of lambs for market on pastures and in feed lots on December 1 was considerably larger than a year earlier and unless the December marketings are heavy there will be more on feed on January 1 than a year earlier.

The supply of fed lambs for the first 4 months of 1934 will be somewhat smaller than a year earlier and the decrease in slaughter will probably be fairly well distributed over this period. With slaughter reduced and wool values materially higher than in the early months of 1933, the level of lamb prices during this period is expected to be materially higher than a year earlier and somewhat higher than during the first half of December this year.

WOOL

Active buying and some upward movement in wool prices were reported in the Boston market during the last half of November after 2 months of slow trading and steady prices. The activity in the domestic market during the month was based in part, upon increased sales of domestic goods, but it was also due to the

relatively low quotations for domestic wool compared with foreign wool prices in terms of dollars. Some recession in trading on the Boston market, however, was reported in early December. Available statistics and information on trade and manufacturing activity for the year thus far indicate a decided improvement over last year, both in this country and abroad. World wool production this year apparently will be considerably smaller than last year, and with increased consumption in most countries, the supply situation appears favorable. The trend of domestic prices during the next few months will be influenced greatly by price changes in foreign markets and by changes in the relationship of the dollar to currencies in the principal exporting countries. From the standpoint of the world price situation, however, it is not improbable that most of the favorable influenc of reduced supplies has been discounted.

Quotations for fine (64s, 70s, 80s) strictly combing territory wool at Boston for the week ended December 9 averaged 85 cents a pound, scoured basis, compared with 83 cents for the week ended November 11 and an average of 45 cents in December 1932. Territory 3/8 blood (56s) averaged 81.5 cents a pound the first week of December, 77.5 cents the first week of November, and 39 cents in December 1932. The United States average farm price of wool was 23.8 cents a pound as of November 15 compared with 23.6 cents on October 15 and 9.4 cents on November 15, 1932. Opening quotations for merino wools were not fully maintained to the close of the last London series, but prices for medium and low grades advanced during the sales. Prices in English currency at the close of the series on December 6 were mostly 10 to 20 percent higher than at the close of the previous series on October 11.

Consumption of wool by United States manufacturers reporting in October was slightly larger than in September and was well above that of October 1932. Consumption of combing and clothing wool was 13 percent larger than in October 1932, while consumption of carpet wool showed an increase of more than 50 percnet. Consumption of combing and clothing wool in the first 10 months of this year was 36 percent larger than in the same months last year, while carpet wool consumption increased 80 percent in the same period. Mill operations were reported to be somewhat irregular during November. In view of the high output of the summer months, however, activity in the domestic wool industry is considered to have been well maintained in recent months. The improvement in wool manufacturing activity in foreign countries is also being maintained particularly in the United Kingdom,

Imports of combing and clothing wool into the United States in the first 10 months of 1933 amounted to 37,000,000 pounds compared with 14,000,000 pounds imported from January to October 1932. Imports of carpet wool were 108,000,000 pounds from January to October of this year and only 32,000,000 pounds from January to October 1932. The relatively heavy movement of foreign wools to the United States in the summer months of this year has resulted in a considerable increase in stocks of wool held in bonded customs warehouses. Stocks of combing and clothing wool in recent months have been larger than at any time since June 1930. On October 31 approximately 22,000,000 pounds of such wool were held in bonded warehouses. Stocks of carpet wool were 41,000,000 pounds on October 31, the largest in recent years. The weakening of the dollar in terms of foreign exchange up to November 16 and the rise in wool prices abroad resulted in a demand from abroad for reexports of foreign wool from the United States.

Latest information indicates still further reduction in this year's wool clip in Australia and the Union of South Africa. It is now estimated that production in 1933 in 19 countries which normally produce over four-fifths of the world's supply, exclusive of Russia and China, will be only 2,561,000,000 pounds,

a reduction of 8 percent compared with 1932 and 5 percent below the 5-year average, 1928-1932. The decrease in the 1933 world clip so far reported is practically all in three of the important wool producing countries of the Southern Hemisphere, i.e., Australia, New Zealand, and the Union of South Africa.

Apparent supplies in five Southern Hemisphere countries on November 1, 1933 were approximately 16 percent less than at the same date of 1932 and 11 percent less than on November 1 of the 5 years 1927-1931.

COTTON

During November and the first part of December cotton price fluctuations have been rather closely associated with the fluctuations in the foreign exchange value of the dollar. Prices in the ten designated markets during the first part of December of 9-5/8 to 9-7/8 cents were 4 to 4½ cents higher than a year earlier. Both domestic mill consumption and domestic exports were smaller in November than a year earlier, but for the first 4 months of the season were the largest in several years. European mill activity continues to run above last year and the year before and in Japan activity is still very high with unusually large proportions of American cotton being used.

On November 16 cotton prices in domestic markets in terms of currency reached the highest levels recorded since the first week of the season, the average on the ten designated markets on that day being 10.03 cents. This represented an advance of 7/8 cent per pound from November 7, a substantial part of which was due to the further depreciation in the foreign exchange value of the dollar. During the latter half of November domestic prices declined about 1/2 cent, this being associated with an appreciation of the dollar, and declining prices of other commodities and of stock quotations. During the first 12 days of December cotton prices in the ten spot markets were fairly steady with the quotations ranging between 9-5/8 and 9-7/8 cents per pound. During December 1932 domestic prices were around 5½ to 6 cents. During November the average price of three types of Indian cotton at Liverpool was only 77.6 percent of the price of American middling and low middling, compared with 78.4 in October, 90.3 in November 1932, and was the smallest since July 1931.

There was a slight decline in mill activity in the United States during November, the mills according to trade reports being very careful not to manufacture for stock. This caution on the part of the industry recently caused the manufacturers to draw up a resolution requestiong the N. R. A. to restrict the hours of machinery operations during December to75 percent of the maximum previously allowed. This request has been granted and the cotton textile code revised so that during December the maximum number of hours the machinery may operate will be 60 per week instead of 80. The indications are that mill stocks have been held down and on some types of goods are smaller than a year ago. The 475,000 running bales consumed during November represented a decline from October of 29,000 bales and was 27,000 bales less than domestic consumption during November 1932. This was the first month since last February that consumption by domestic mills did not exceed that of the corresponding month of a year earlier. However, consumption in November last year was considerably higher than in November of the two previous years so that consumption in November this year is the highest with the exception of last year since 1929. During the first 4 months of the season domestic mills used 2,067,000 bales, which was 166,000 bales larger than in the like period last season and the largest for the period

since 1929-30.

Trade reports indicate that mill activity in some European countries may have declined slightly during November and that sales of cotton textiles by the mills were probably somewhat below production. On the whole activity in Europe has been well maintained and consumption of American so far this season has been the highest for the period since 1929-30. In Japan cotton consumption continues at very high levels with unusually large proportions of American cotton being used.

Domestic exports also declined, the November exports amounting to 915,000 running bales compared with 1,012,000 bales in November last year and 1,071,000 bales in November 1931. For the first 4 months of the season, however, exports were about 154,000 bales larger than in the like period last season and the largest for the period since 1928-29. The exports to Japan so far this season have been the largest in history. The agreement among the Japanese not to buy Indian cotton as a protest against the high Indian tariff on Japanese piece-goods has been an important factor in this development. So far no word has been received of any definite agreement having been reached in this matter, although many proposals and counter proposals have been submitted. There are indications, however, that some agreement may have already been reached or may be reached within the near future, although there seems to be little certainty as to when the differences will be settled. It is reported by observers in Bombay that during November Japanese houses bought forward contracts for Indian cotton and that it is believed they have bought c.i.f. contracts of specific growths, leaving to themselves the option of naming the port of destination later on. This, it is thought, may indicate that the boycott of Indian cotton by the Japanese may soon be lifted.

Business statistics relating to domestic demand

Year and month	Industrial production	Factory payrolls	Factory employment	Commodity prices: United States: Prices paid farmers 2/	Commodity prices: United States: Wholesale 3/ 1910-1914=100	Commodity prices: United States: Wholesale 3/	Commodity prices: Foreign 4/ In foreign currency	Commodity prices: Foreign 4/ In dollars	Interest rates 5/	Industrial stock prices 6/
	1923-1925=100		1/	2/	:100	1926 = 100				
1929 -										
July	124	109	102	140	141	96	94	96	6.00	344
Oct.	118	106	100	140	139	95	94	96	6.19	321
1930 -										
Jan.	106	97	94	134	135	92	90	92	4.94	252
Apr.	104	95	92	127	131	90	86	88	3.88	288
July	93	85	86	111	123	84	83	84	3.16	232
Oct.	88	78	83	106	121	83	80	81	2.92	196
1931 -										
Jan.	83	70	78	94	114	78	76	77	2.85	168
Apr.	88	72	78	91	109	75	76	76	2.38	162
July	82	67	75	79	105	72	74	75	2.00	143
Oct.	73	58	70	68	103	70	72	66	3.50	102
1932 -										
Jan.	71	54	67	63	98	67	71	60	3.88	79
Feb.	70	52	67	60	97	66	71	60	3.84	80
Mar.	67	50	66	61	96	66	71	61	3.83	82
Apr.	64	48	64	59	96	66	69	60	3.73	63
May	60	46	62	56	94	64	68	59	3.27	53
June	59	43	60	52	93	64	67	57	2.94	47
July	58	41	58	57	94	64	67	56	2.54	46
Aug.	60	40	58	59	95	65	67	56	2.32	68
Sept.	66	42	60	59	95	65	68	56	2.25	73
Oct.	66	42	61	56	94	64	68	55	2.07	64
Nov.	65	41	61	54	93	64	68	54	1.75	62
Dec.	66	40	61	52	91	63	68	54	1.64	59
1933 -										
Jan.	65	40	59	51	89	61	68	54	1.44	62
Feb.	64	39	59	49	87	60	67	54	1.25	56
Mar.	60	36	57	50	88	60	66	54	3.30	58
Apr.	67	38	58	53	88	60	66	55	2.60	65
May	77	42	61	62	92	63	67	62	2.09	82
June	91	46	65	64	95	65	68	66	1.91	94
July	100	52	70	76	101	69	68	75	1.75	100
Aug.	91	56	73	72	102	70	68	73	1.75	98
Sept.	84	58	74	70	103	71	69	78	1.53	100
Oct.	77	57	74	70	104	71	69	78	1.50	93
Nov.				71					1.50	96

1/ Federal Reserve Board indexes, adjusted for seasonal variation.
2/ United States Department of Agriculture, August 1909-July 1914=100.
3/ Bureau of Labor Statistics index.
4/ Weighted average of index for eight foreign countries - United Kingdom, Canada, Japan, France, Italy, Germany, China and the Netherlands.
5/ The Annalist. Average of daily rates on commercial paper in New York City.
6/ Dow-Jones index is based on daily average closing prices of 30 stocks.

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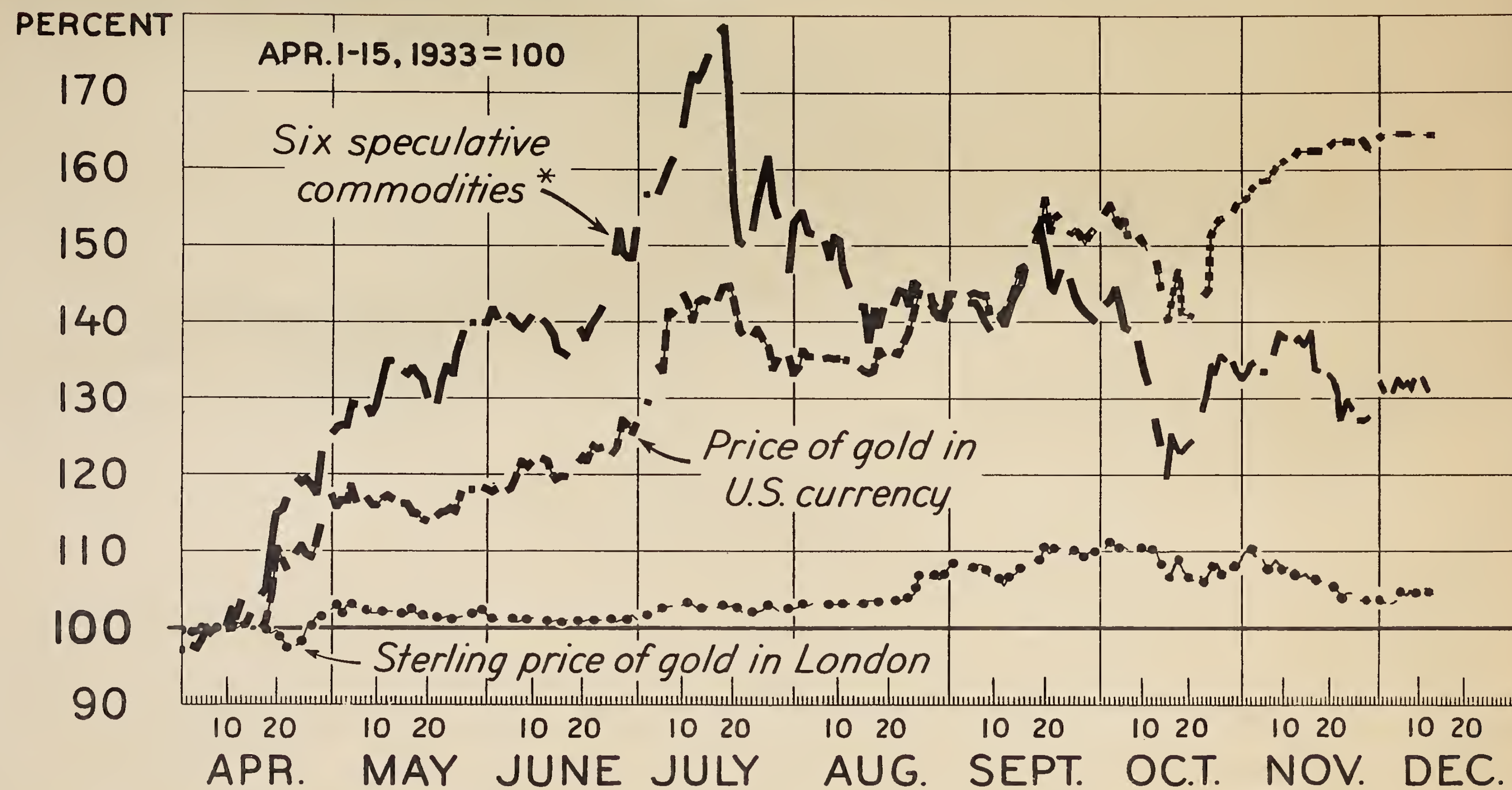
Price of Six Speculative Commodities in the United States and Price of Gold in Dollars and in Sterling, April, 1933 to Date



*INDEX OF NEAR FUTURES PRICES OF WHEAT, COTTON, COTTONSEED OIL, SUGAR, AND LARD, AND CASH PRICE OF COPPER

U.S. DEPARTMENT OF AGRICULTURE NEG. 26429-A BUREAU OF AGRICULTURAL ECONOMICS

THE PRICES OF BASIC COMMODITIES OF THE U. S. MOVING IN WORLD TRADE ARE AFFECTED BY CHANGES IN FOREIGN EXCHANGE VALUE OF THE DOLLAR. HERE IS PRESENTED THE AVERAGE OF PRICES OF SIX COMMODITIES - WHEAT, COTTON, COTTONSEED OIL, LARD, SUGAR, AND COPPER - SINCE THE MIDDLE OF APRIL 1933, WHEN GOLD PAYMENTS IN THE U.S. WERE SUSPENDED AND EXPORTS OF GOLD PROHIBITED. THE PRICE OF GOLD HERE USED WAS DETERMINED BY FRENCH, SWISS, AND DUTCH EXCHANGE VALUES, UNTIL SEPT. 8, WHEN THE U.S. TREASURY EXPORT PRICE WAS USED. BEGINNING OCT. 25, THE R.F.C. BEGAN TO BUY GOLD, AND THEREAFTER THAT PURCHASE PRICE WAS USED. THE LOWER LINE SHOWS CHANGES IN THE GOLD VALUE OF THE POUND STERLING SINCE SUSPENSION OF GOLD PAYMENTS IN THE U.S.